DOCUMENT RESUME

ED 478 136 CE 085 072

AUTHOR	Nyhan, Barry, Ed.; Kelleher, Michael, Ed.; Cressey, Peter, Ed.; Poell, Rob, Ed.
TITLE	Facing Up to the Learning Organization Challenge: Selected European Writings. Volume II. CEDEFOP Reference Series.
INSTITUTION	European Centre for the Development of Vocational Training, Thessaloniki (Greece).
REPORT NO	TI-20-02-002-EN-C
ISBN	ISBN-92-896-0206-6
ISSN	ISSN-1680-7089
PUB DATE	2003-00-00
NOTE	290p.; For Volume I, see CE 085 071.
AVAILABLE FROM	Bernan Associates, 4611-F Assembly Drive, Lanham, MD 20706-4391 (#3028 EN, 40 Euro for both volumes). Tel: 800-274-4447 (Toll Free); e-mail: query@bernan.com; Web site: http://www.bernan.com.
PUB TYPE	Collected Works - General (020) -- Reports - Research (143)
EDRS PRICE	EDRS Price MF01/PC12 Plus Postage.
DESCRIPTORS	Adult Education; Case Studies; Corporate Education; Developed Nations; Education Work Relationship; Educational Cooperation; Educational Policy; Educational Research; *Experiential Learning; Foreign Countries; Job Training; *Labor Force Development; *Learning Theories; *Lifelong Learning; *Organizational Culture; Organizational Development; Research and Development; School Business Relationship; Theory Practice Relationship; Vocational Education
IDENTIFIERS	*Europe; Germany; Greece; Human Resources Professionals; Information Economy; Ireland; Italy; *Learning Organizations; Netherlands; Sweden; United Kingdom

ABSTRACT

This volume, the second of a two-volume publication, comprises 15 papers that present the work of individual European projects dealing with learning within organizations. These five chapters in Part 1, The Meaning of the Learning Organization, examine the conceptual frameworks and dilemmas at the heart of the notion of the learning organization: "Developmental Learning--Condition for Organizational Learning" (Ellstroem); "Challenges and Open Questions Raised by the Concept of the Learning Organization" (Fischer); "How Organizations Learn--Theory of Learning and Organizational Development" (Franz); "Competing Perspectives on Workplace Learning and the Learning Organization" (Brown, Keep); and "Conundrum of the Learning Organization--Instrumental and Emancipatory Theories of Learning" (Cressey, Kelleher). These six chapters in Part 2, Organizational Learning Realities in Different Contexts, present or report on company case studies: "Social Dialogue and Organizational Learning" (Kelleher, Cressey); "Implementing Organizational Change in British Telecom" (Cressey); "Banking on Learning--Deutsche Bank Corporate University" (Reimann); "Stimulating a Thirst for Learning--Case of the Guinness Dublin Brewery" (Findlater); "Learning to Network--Transformation of a Social Research Institute" (Franz);

Reproductions supplied by EDRS are the best that can be made from the original document.

and "Relationship Between Critical Reflection and Learning--Experiences Within Dutch Companies" (van Woerkom et al.). The first of four chapters in Part 3, Human Resource Development (HRD) in Support of Organizational Learning, gives a general overview; the next two chapters report on empirical studies; and the final chapter discusses future challenges for HRD from a European perspective. They are "Learning Organization and HRD in the Knowledge Economy" (Tomassini); "Changing Role of HRD Practitioners in Learning-Oriented Organizations" (Sambrook et al.); "Experiences of HRD Consultants in Supporting Organizational Learning" (Poell, Chivers); and "HRD in Europe--At the Crossroads" (Nyhan). (YLB)

Reproductions supplied by EDRS are the best that can be made
from the original document.

CEDEFOP

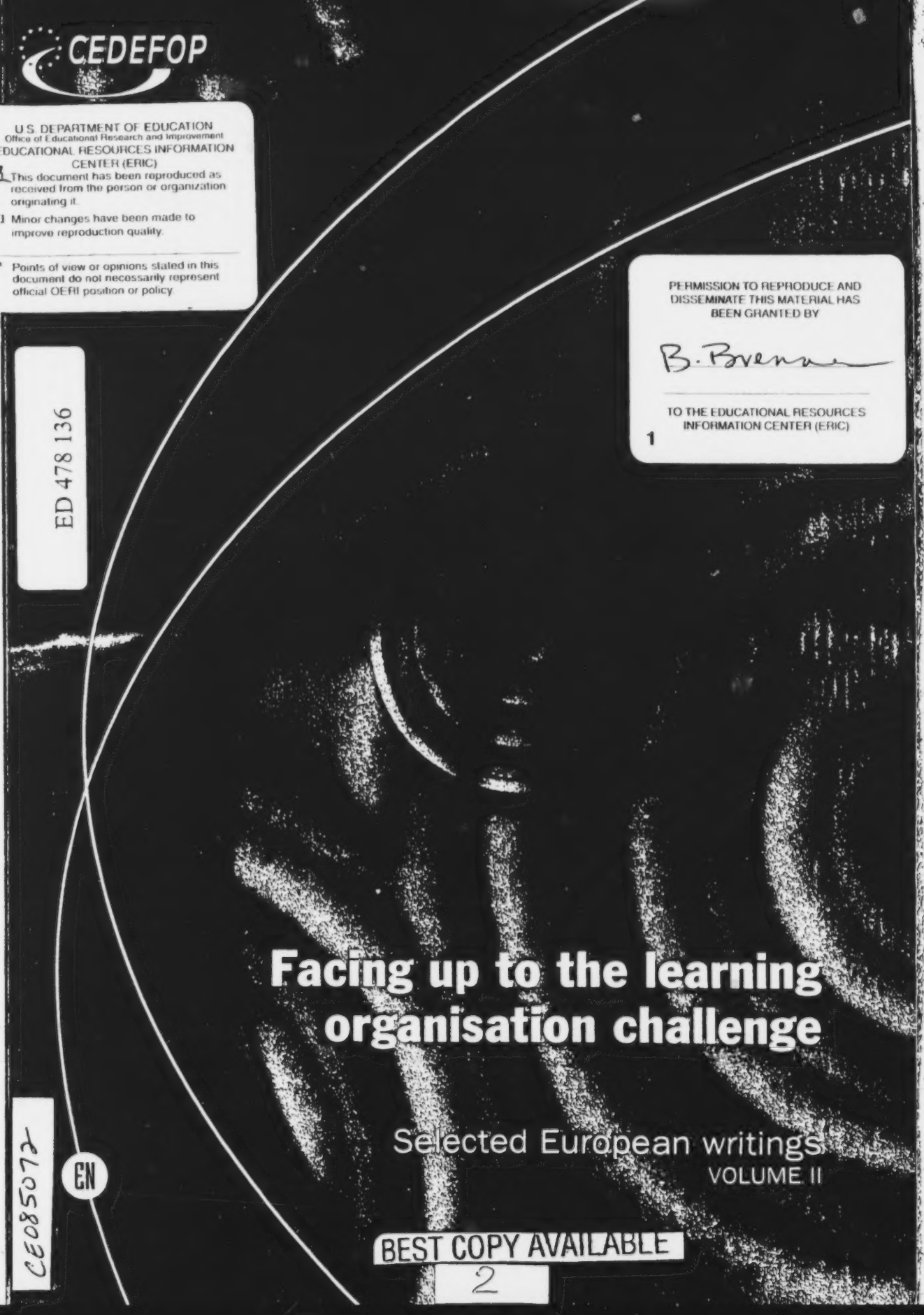
U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.
Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

B. Brenan

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
1

ED 478 136



Facing up to the learning organisation challenge

Selected European writings
VOLUME II

BEST COPY AVAILABLE
2

CE0850 72

EN

Facing up to the learning organisation challenge

Selected European writings

VOLUME II

Barry Nyhan, Michael Kelleher,
Peter Cressey, Rob Poell (eds.)

Cedefop Reference series; 41-II

Luxembourg: Office for Official Publications of the European Communities, 2003

A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (http://europa.eu.int).

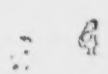
Cataloguing data can be found at the end of this publication.

Luxembourg:
Office for Official Publications of the European Communities, 2003

ISBN 92-896-0206-6
ISSN 1680-7089

© European Centre for the Development of Vocational Training, 2003
All rights reserved.

Designed by Colibri Ltd. – Greece
Printed in Belgium



The **European Centre for the Development of Vocational Training** (Cedefop) is the European Union's reference Centre for vocational education and training. We provide information on and analyses of vocational education and training systems, policies, research and practice. Cedefop was established in 1975 by Council Regulation (EEC) No. 337/75.

Europe 123
GR-570 01 Thessaloniki (Pylea)

Postal address: PO Box 22427
GR-551 02 Thessaloniki

Tel. (30) 23 10 49 01 11, Fax (30) 23 10 49 00 20
E-mail: info@cedefop.eu.int
Homepage: www.cedefop.eu.int
Interactive website: www.trainingvillage.gr

Edited by: **Cedefop**
Barry Nyhan, *Project manager*

Published under the responsibility of:
Johan van Rens, *Director*
Stavros Stavrou, *Deputy Director*

Table of contents

Preface 7

Contributors 8

Introduction 10

PART ONE The meaning of the learning organisation

Chapter 1 **Developmental learning - a condition for organisational learning**

Per-Erik Ellström 22

1.1. Introduction 22

1.2. The meaning of organisational learning 23

1.3. Organisational learning – an 'action-learning cycle' 27

1.4. Conclusion – conditions for the implementation of organisational learning 30

1.5. References 31

Chapter 2 **Challenges and open questions raised by the concept of the learning organisation**

Martin Fisher 33

2.1. Introduction 33

2.2. Concepts and theories underpinning the learning company 34

2.3. Empirical evidence concerning the emergence of learning companies 41

2.4. The role of vocational education and training in a learning organisation context 44

2.5. References 48

Chapter 3 **How organisations learn – a theory of learning and organisational development**

Hans-Werner Franz 50

3.1. Introduction 50

3.2. Can organisations learn? 54

3.3. What is organisational learning? 55

3.4. A learning organisation theory 60

3.5. References 71

Chapter 4 **Competing perspectives on workplace learning and the learning organisation**
Alan Brown, Ewart Keep 73
4.1. Introduction 73
4.2. Determinism or strategic choice in relation to forms of workplace organisation 74
4.3. Competing perspectives from researchers in social science and business schools 78
4.4. The quality of the workplace as a learning environment 82
4.5. Some final thoughts 85
4.6. References 88

Chapter 5 **The conundrum of the learning organisation – instrumental and emancipatory theories of learning**
Peter Cressey, Michael Kelleher 92
5.1. Introduction 92
5.2. Competing approaches to epistemology 93
5.3. Competing perspectives on production 96
5.4. Competing approaches to the learning organisation 101
5.5. Conclusions 104
5.6. References 106

PART TWO Organisational learning realities in different contexts

Chapter 6 **Social dialogue and organisational learning**
Michael Kelleher, Peter Cressey 110
6.1. Introduction 110
6.2. Alignment of social dialogue and learning strategies 116
6.3. Conclusions 121
6.4. References 122

Chapter 7 **Implementing organisational change in British Telecom**
Peter Cressey 124
7.1. Introduction 124
7.2. Learning strategies 127
7.3. New relationship between the social partners 134
7.4. Conclusions 140

Chapter 8 **Banking on learning – the Deutsche Bank Corporate University**
Daniela Reimann 143
8.1. Introduction 143
8.2. The Deutsche Bank Corporate University (e-dbu) 144
8.3. Learning and workforce issues 150
8.4. Conclusion 153
8.5. References 154

Chapter 9 **Stimulating a thirst for learning – the case of the Guinness Dublin brewery**
John Findlater 155
9.1. Introduction 155
9.2. Strategic plans 155
9.3. Guinness traditions 156
9.4. Learning interventions initiated since 1992 160
9.5. Impact 165
9.6. References 167

Chapter 10 **Learning to network – the transformation of a social research institute**
Hans-Werner Franz 168
10.1. Introduction 168
10.2. Promoting public - private partnership networking 170
10.3. Decentralised centres 175
10.4. A network in a network of networks 177
10.5. Conclusions – paradigmatic change 182

Chapter 11 **The relationship between critical reflection and learning – experiences within Dutch companies**
Marianne van Woerkom, Wim J. Nijhof , Loek Nieuwenhuis 184
11.1. Introduction 184
11.2. Case-studies 185
11.3. The conflict between flexibility and competence 186
11.4. Flexibility or employability? 187
11.5. The relationship between on-the-job learning and flexible competence 188
11.6. Motivation for learning 188
11.7. Critical reflection 190
11.8. What is meant by critical reflection 192
11.9. Organisational culture and critically reflective working behaviour 196
11.10. Conclusion 197
11.11. References 198

PART THREE Human resource development in support of organisational learning

Chapter 12 **The learning organisation and HRD in the knowledge economy**
Massimo Tomassini 200
12.1. Introduction 200
12.2. Towards new meanings of the learning organisation 204
12.3. An hypothesis for the development of the learning organisation construct 207
12.4. Conclusion – some lines for future research 217
12.5. References 219

Chapter 13 **The changing role of HRD practitioners in learning-oriented organisations**
Sally Sambrook, Jim Stewart, Saskia Tjepkema 221
13.1. Introduction 221
13.2. Conceptual framework 221
13.3. Research findings 227
13.4. Analysis and implications of results 239
13.5. Conclusions 243
13.6. References 244

Chapter 14 **Experiences of HRD consultants in supporting organisational learning**
Rob Poell, Geoff Chivers 247
14.1. Introduction 247
14.2. Theoretical framework: learning-network theory 248
14.3. The research project 250
14.4. Results 254
14.5. Conclusions 260
14.6. Summary of conclusions 263
14.7. References 264

Chapter 15 **Human resource development in Europe – at the crossroads**
Barry Nyhan 265
15.1. Introduction 265
15.2. New ways of organising work 267
15.3. HRD and competence development 270
15.4. HRD in Europe 273
15.5. A competing human resource strategy – 'instrumental-utilitarian' approach 277
15.6. Future direction for HRD in Europe 280
15.7. References 283

Preface

One of the main objectives of the Cedefop Research Arena (Cedra) is to bring together researchers who have been working on separate but related European research projects. As well as valorising their existing work, syntheses of the work are undertaken to be published in book and electronic formats. These are then used to foster debate among researchers, policy-makers and practitioners with the view to initiating new policies and actions.

The 'Cedra learning organisation project' brought together researchers who had been working on the theme of learning within organisations in the framework of different European research actions. The project has resulted in a two-volume publication. This book, Volume II, is a reader comprising 15 papers drawing on these research actions. Volume I provides an overview of the main issues arising from these papers.

The 15 papers in this volume draw on material from the following European research programmes/actions:

- European Union research framework programmes;
  Eight papers are based on the results of the following two research projects: 'Forum for European research in vocational education and training' and 'Role of HRD in learning organisations – European concepts and practices'.
- Leonardo da Vinci action programme for the development of vocational education and training policies;
  Three papers are drawn from the Leonardo da Vinci survey and analysis project - 'Partnership and Investment in Europe project – the role of social dialogue in human resource development' (known as PIE).
- 'Adapt programme' dealing with the development of employment policies to adapt to industrial change (one paper);
- *Marie Curie* researcher mobility programme (one paper);
- Cedefop Research Report (one paper).

Though editing and bringing together all of these papers in a single volume, a comprehensive picture of the developments taking place in the thematic area of learning within organisations can be presented. This should contribute to a more systematic and concerted exploitation of results. Hopefully, this book will serve as the basis for further research work as well as fostering dialogue and debate among all of the different actors.

Stavros Stavrou
Deputy Director

Barry Nyhan
Project Manager

Contributors

Alan Brown
Institute for Employment Research
University of Warwick
Coventry CV4 7AL
United Kingdom
alan.brown@warwick.ac.uk

Geoff Chivers
Loughborough University
Centre for Hazard and Risk Management
Leics LE11 3TU
United Kingdom
G.E.Chivers@lboro.ac.uk

Peter Cressey
Dept. of Social and Policy Sciences
University of Bath
Claverton Down
Bath BA2 7AY
United Kingdom
P.Cressey@bath.ac.uk

Per-Erik Ellström
Center for Studies of Humans, Technology and Organization (CMTO)
Linköping University
S-581 83 Linköping
Sweden
perel@ipp.liu.se

John Findlater
Consultant (former Head of Training & Development in Guinness, Ireland)
coaching@iol.ie

Martin Fischer
Institut Technik & Bildung
Universität Bremen
Wilhelm-Herbst-Str. 7
D - 28359 Bremen
mfischer@uni-bremen.de

Hans-Werner Franz
Sozialforschungsstelle Dortmund - *sfs*
Evinger Platz 17
D - 44339 Dortmund
franz@sfs-dortmund.de

Ewart Keep
The Research Centre on Skills, Knowledge and Organisational Performance
Warwick Business School
University of Warwick
Coventry CV4 7AL
United Kingdom
ewart.keep@wbs.ac.uk

Michael Kelleher
(former General Secretary of ECLO, 1996-2001)
Learning Futures Ltd
The Hollies, Foundry Road,
Abersychan, NP4 7EL
United Kingdom
michael.kelleher@learningfutures.co.uk

Loek Nieuwenhuis
Stoas Research
PO Box 78
NL - 6800 AB Wageningen
lni@stoas.nl

Wim J. Nijhof
University of Twente
Faculty of Educational Science and Technology
PO Box 217
NL - 7500 AE Enschede
nijhof@edte.utwente.nl

Barry Nyhan
Cedefop
P.O.Box 22427 / 123, Europe str.
GR - 55102 Thessaloniki
bn@cedefop.eu.int

Rob Poell
Tilburg University
Department of Human
Resource Sciences
PO Box 90153
NL - 5000 LE Tilburg
The Netherlands
R.Poell@utv.nl

Daniela Reiman
FORUM - Centre for Interdisciplinary
Studies and Research
Muthesius - Academy of Arts,
Design and Architecture
Lorentzendamm 6-8
D - 24103 Kiel
daniela@muthesius.de

Sally Sambrook
School for Business and Regional
Development
University of Wales Bangor
Yr Hen Goleg, College Road.
Bangor, Gwynedd
LL57 2DG
United Kingdom
sally.sambrook@bangor.ac.uk

Jim Stewart
Department of HRM Nottingham
Business School
Nottingham Trent University
Burton Street, Nottingham NG1 4BU
United Kingdom
jim.stewart@ntu.ac.uk

Saskia Tjepkema
HRD consultant
Kessel & Smit, The Learning
Company
The Netherlands
tjepkema@kessel-smit.nl

Massimo Tomassini
ISFOL-Istituto per lo sviluppo della
formazione professionale dei
lavoratori
Via Morgagni 33
I -00195 Roma
m.tomassini@isfol.it

Marianne van Woerkom
Stoas Research
PO Box 78
NL - 6800 AB Wageningen
mvw@stoas.nl

Introduction

This book is the second part of a double-volume publication, outlining the work undertaken in the context of what has been called 'the Cedra learning organisation project' (1). It is a reader comprising 15 papers that present the results of recent research work undertaken in the framework of a number of European research projects dealing with the topic of learning within organisations (2). The companion Volume I provides an overview of the main issues emerging from these different research projects.

Despite the wide interest in the concept of the 'learning organisation', as is evidenced by the proliferation of research literature as well as popular books, it is a problematic concept and, indeed, a contested one. Some of the contributors to the Cedra learning organisation project raise serious criticisms that need to be addressed. However, most of the contributors counter the extreme criticisms in arguing for the validity and relevance of the learning organisation concept as a way of understanding and dealing with the complex and competing interests that have to be addressed within organisations. All of the authors agree that it is necessary to continue research and development work on organisational learning in order to examine how the building of competitive organisations does not have to be at variance with ensuring learning benefits for the people working in these organisations.

However, this is not to deny that the task of addressing the competing interests of *the organisation* and *individual workers in an organisation* is very difficult to achieve. Work is an enormously important but problematic aspect of people's lives. Indeed, the difficulties for both individuals and organisations

(1) For more information on Cedra (Cedefop Research Arena) see http://www2.trainingvillage.gr/etv/cedra. In carrying out the 'Cedra learning organisation project', Cedefop received expert assistance from a team of researchers that was assembled by the European Consortium for the Learning Organisation (ECLO). This consortium, founded in 1992 and comprising company managers, consultants and researchers, is coordinated from its main office in Belgium (see http://www.eclo.org).

(2) Many of these papers have their origins in the European Union research network project - 'Forum for European research in vocational education and training' that has been coordinated by the *Institut für Technik und Bildung* of the University of Bremen (see http://www.itb.uni-bremen.de/projekte/forum/Forum_framesets.htm). Another major source of material has been the 'Partnership and Investment in Europe project - the role of social dialogue in human resource development' (known as PIE). This project that was funded by the EU Leonardo da Vinci programme, was coordinated by the European Consortium for the Learning Organisation (ECLO).

are accentuated in today's turbulent economic environment that is characterised by growing competition, globalisation, mergers and acquisitions and job insecurity in the private sector, and privatisation and outsourcing in the public sector. However, the complexity and the delicate balancing act that is entailed in implementing the learning organisation concept - and as rightly pointed out by critics does not come off in many cases - is no more than a reflection of the complexity of the environment that we are living in. Thus, while recognising the difficulties in reconciling business, organisational and individual needs in the context of building learning organisations, it is argued that the challenge of the learning organisation must be addressed.

The papers in this book examine various aspects of how this challenge is being or can be addressed. The book is divided into three parts. A summary of the papers in these three parts is outlined below.

PART ONE The meaning of the learning organisation

There are six chapters in part one. These examine the conceptual frameworks and dilemmas that are at the heart of the notion of the learning organisation.

CHAPTER 1 **Developmental learning – a condition for organisational learning**

by Per-Erik Ellström

Per-Erik Ellström elucidates on the learning taking place in an organisation by using a conceptual framework developed within the field of 'cognitive action theory'. This framework depicts organisational learning as an interaction between individuals (learners), a stream of actions (learning tasks) and a context (learning environment). He highlights the importance of 'developmental learning' as a prerequisite for organisational learning. Developmental learning takes place when the work tasks are sufficiently challenging (complex) to stretch the potential of workers/learners. However, he points out that developmental learning can only take place if the work environment is such that as well as providing challenging and developmental work tasks, workers receive feedback on their work and are supported to reflect on and learn from it. Ellström distinguishes 'developmental learning' from 'adaptive learning'. The latter has to do with lower level routine learning. However, this does not mean that adaptive learning is unimportant but indeed, is essential for carrying out one's work.

(An earlier version of this paper was written in the framework of the European Union research network project - 'Forum for European research in vocational education and training'.)

CHAPTER 2 **Challenges and open questions raised by the concept of the learning organisation**
by Martin Fischer

Martin Fischer discusses German debates on the learning organisation. He criticises the manner in which German managers talk about the learning organisation in a very loose and sometimes almost meaningless way. He also raises the criticism of those who argue that organisational learning has no reality apart from learning individuals. Continuing in his critical vein, Fischer asserts that the empirical evidence needed to validate the learning organisation concept does not yet exist. He goes on to identify criteria for a learning organisation which could provide an agenda for empirical research. In the final section of this chapter, Fischer discusses ways in which the conflicts between learning organisation/HRD thinking and classical German vocational education and training thinking could be addressed.

(This paper is a revised version of the one written in the framework of the European Union research network project – 'Forum for European research in vocational education and training'.)

CHAPTER 3 **How organisations learn - a theory of learning and organisational development**
by Hans-Werner Franz

Hans-Werner Franz states that the overall objective of learning is to become capable of surviving under changing or unstable environmental conditions through intentionally transforming one's organisation. Hence, learning is an improvement in the organisation's potential to address future challenges, which may or may not be known. Central to his argument is the need to transcend control and command cultures and create environments in which individual workers 'own' both the processes and the results of quality improvement initiatives. In his 'general theory of quality' Franz explores the theories of both learning and organisation and identifies six key processes that any organisation must fulfil in order to survive.

(This paper is a revised version of the one written in the framework of the

European Union research network project - 'Forum for European research in vocational education and training'.)

CHAPTER 4 **Competing perspectives on workplace learning and the learning organisation**
by Alan Brown and Ewart Keep

Alan Brown and Ewart Keep criticise the normative assumptions in the learning organisation literature which imply that the future patterns of learning within workplace organisations are pre-determined. They seek to place human agency and strategic choice in the forefront of debates on organisation and workplace change. They are concerned that ideas about the learning organisation appear to have stemmed predominantly from business-school authors. Thus, they wish to engage with other academic disciplines in order to explore more fully the broader literature on workplace learning. For these authors the learning organisation concept has the advantage of placing learning at the heart of debates about organisational strategies for change yet is also potentially narrow in its focus on organisational development and/or work-related skills. They propose that more emphasis should be placed on the concept of 'learning networks' where individuals draw on a range of people and resources, inside and outside of their own organisations, to support their learning. Such an emphasis, they argue, will sharpen the focus on transformative and lifelong learning.

(This paper is a revised version of the one written in the framework of the European Union research network project – 'Forum for European research in vocational education and training'.)

CHAPTER 5 **The conundrum of the learning organisation – instrumental and emancipatory theories of learning**
by Peter Cressey and Michael Kelleher

The learning organisation is a concept which organisational actors interpret and react to in very different ways. The authors draw on three distinct sets of literature to explore how researchers and practitioners can develop contrasting meanings of organisational learning and the learning organisation concept. Making the contrast between lean production thinking and socio-technical theory, they argue that the reason for the different meanings lies in the epistemological roots of the actors. On the one hand, actors working

within a positivistic tradition look for evidence for the existence of a learning organisation. Where is it? Show it to me? What does it look like? Give me prescriptions and definable guides to action? In contrast, other actors view the learning organisation not as a reality to be touched, felt and seen but as an emancipatory concept enabling organisations to struggle with the increasingly rapid nature of change and its consequences. Thus, more humanistic and people-centred values come into play that contrast with the scientific management approach that views humans as the source of error. Cressey and Kelleher's own approach lies more firmly rooted in the humanistic tradition, yet they recognise the force of the critiques from the positivistic camp. Thus, they state that it is important to engage with these holding traditional scientific management views about organisations.

(This paper is a revised version of the one written in the framework of the European Union research network project – Forum for European research in vocational education and training'.)

PART TWO Organisational learning realities in different contexts

There are six chapters in part two, presenting or reporting on company case studies.

CHAPTER 6 **Social dialogue and organisational learning**

by Michael Kelleher and Peter Cressey

This chapter draws on a study of twelve companies from the automotive, banking and telecommunication sectors in four countries: Germany, Italy, Sweden and the United Kingdom. The case studies sought to explore the role of the social partners and the part that social dialogue played in the learning and development process within enterprises. The study found that the issue and centrality of learning has increased and become a key strategic element within companies. Trade unions acknowledged the changing competitive environments in which they and the enterprises were operating, and recognise the need for strategies for social dialogue based on added-value rather than power re-distribution. This has demanded a refashioning of the formal structures for social dialogue that go beyond institutional or committee-based structures and processes. The results show employers and trade unions establishing new forms of relationships to underpin organisational transformations.

1871

(This paper is based on the European Union funded Leonardo da Vinci Programme project 'Partnership and Investment in Europe - the role of social dialogue in human resource development' ([3])*.)*

CHAPTER 7 **Implementing organisational change in British Telecom**
by Peter Cressey

Peter Cressey looks at the turbulent environment in which social partners in the telecommunications sector are searching for new forms of relationships to survive in a fast changing marketplace. British Telecom (BT) appears driven by constant and sustained external change of such a force that the company now bears little relation to its predecessor of a decade ago. For both management and trade unions there is a recognition that social dialogue is not only a 'good times' option but is vital in a sector that has had to completely revamp its business strategies and its staff skills base. This chapter highlights the centrality of learning, training and competence development strategies. BT has had to recreate itself, and in so doing, change the whole gamut of policies and practices – management style, management approach, values and expectations. In a similar fashion, the largest union has made an equivalent journey but one that might be seen as more radical, changing from reactive to proactive strategies and from operational fire-fighting to strategic interventions.

(This paper is a revised version of one that was written in the framework of the European Union funded Leonardo da Vinci project 'Partnership and Investment in Europe – the role of social dialogue in human resource development'.)

CHAPTER 8 **Banking on learning – the Deutsche Bank Corporate University**
by Daniela Reimann

Daniela Reimann presents a case study of Deutsche Bank in which she describes the company's attempts to develop learning opportunities through the use of multi-media technologies. The Corporate University and the electronic media it created were not merely bolted on to existing training

([3]) A version of this chapter was published in the European Vocational Training Journal. See Kelleher, M; Cressey, P. The active roles of learning and social dialogue for organisational change. *European Vocational Training Journal*, No. 21, September-December 2000/111, pp.41-48.

initiatives but were part of a broader focus on developing a new organisational learning culture. This was the bank's response to the changes in its operational environments and the need to develop a more flexible and mobile staff base. The introduction of such changes, however, raised many industrial relations issues relating to terms and conditions of employment. Indeed, the trade union recognised that the emergence of the bank's corporate university had implications for its members that went beyond those of training and learning. This case shows how large companies in Germany are moving outside of the traditional boundaries of the German dual VET system.

(This paper is a revised version of one that was written in the framework of the European Union funded Leonardo da Vinci project 'Partnership and Investment in Europe – the role of social dialogue in human resource development'.)

CHAPTER 9 **Stimulating a thirst for learning – the case of the Guinness Dublin brewery**
by John Findlater

John Findlater discusses the efforts made by the Guinness Brewery in Dublin to implement an organisational strategy that entailed upgrading the skills of all employees. The case underwrites the importance of developing a culture in which change is facilitated through enhancing peoples' ability to learn. Findlater describes how Guinness, starting off from a rather traditional and paternalistic approach to employment, giving the brewery its reputation as a 'good employer', adopted new organisational strategies. The case of Guinness demonstrates that enterprises have to develop internal and external alliances that support the implementation of learning for change. Such alliances can be formal through contractual relationships but also informal through participating in networks and international European programmes.

(This paper draws on the project report of an European Union funded 'Adapt' project dealing with the development of employment policies to respond to industrial change.)

CHAPTER 10 **Learning to network – the transformation of a social research institute**
by Hans-Werner Franz

Hans-Werner Franz describes the process through which a research institution organised along traditional management lines transformed itself into a network-based organisation to deal with its changing market environment. As a publicly accountable research institution, *Sozialforschungsstelle* (*sfs*) focused on human resource and organisational development in order to support the regeneration of the region around Dortmund. Believing that it could act as a catalyst for change in the region, the institute found that it was impossible to be a change agent without first embracing change itself. In offering a personal reflection as a senior manager within *sfs*, Franz acknowledges that such changes mean uncomfortable learning processes that continue indefinitely. The chapter demonstrates that organisations seeking to have a strong customer focus will inevitably face profound challenges to the way they work and the assumptions behind their strategies.

(This paper is a revised version of the one written in the framework of the European Union research network project - 'Forum for European research in vocational education and training'.)

CHAPTER 11 **The relationship between critical reflection and learning – experiences within Dutch companies**
by Marianne van Woerkom, Wim J. Nijhof and Loek Nieuwenhuis

Marianne van Woerkom and her colleagues describe research undertaken in seven Dutch organisations regarding informal on-the-job learning. The authors start with the hypothesis that informal on-the-job learning serves the objective of the development of 'flexible competence'; that is, the competence to function effectively in one's job combined with the ability to cope effectively with change. However, their research results show that flexible competence is not an effective measure of output of informal on-the-job learning because it only takes into account the employer's view of an 'ideal employee'. Instead, the authors propose the concept of 'critical reflection' with its component parts – reflecting on oneself in relation to the job; learning from mistakes; challenging group-think; asking for feedback; experimenting and sharing knowledge – is a more appropriate concept.

(This paper is a revised version of the one written in the framework of the European Union research network project – 'Forum for European research in vocational education and training'.)

PART THREE Human resource development in support of organisational learning

Part three consists of four chapters. The first chapter, which gives a general overview, is followed by two chapters reporting on empirical studies. The concluding chapter discusses future challenges for HRD from a European perspective.

CHAPTER 12 **The learning organisation and HRD in the knowledge economy**

by Massimo Tomassini

Massimo Tomassini begins by outlining the 'classical' humanistic and managerial perspectives of the learning organisation. He argues that such perspectives need to be challenged in an era when the major tasks for HRD professionals are less related to managing workforces and have more to do with managing knowledge. This chapter draws on the work of Nonaka and Konno (1998) outlining new thinking about the learning organisation. Based on Nonaka and Konno's concept of the 'space of emerging relations,' Tomassini argues for a new perspective on the learning organisation, viewing the concept as an ensemble of spaces for the diffusion of knowledge management and knowledge development. He proposes four 'spaces of emerging relations' within organisations that can be defined in terms of 'care of people', 'development of communities', 'appropriate use of ICT' and the 'management of competences'. Tomassini proposes that each of these interlocking areas represents an enlarged field for further research.

(This paper is a revised version of the one written in the framework of the European Union research network project – 'Forum for European research in vocational education and training'.)

CHAPTER 13 **The changing role of HRD practitioners in learning-oriented organisations**

by Sally Sambrook, Jim Stewart and Saskia Tjepkema

This chapter reports on a study across seven European countries on the changing nature of HRD roles in learning-oriented organisations. Twenty-eight case studies were undertaken as well as a survey of 140 organisations across the seven countries. The study showed, among other things, that the development of human resources is moving from being the sole responsibility

of HRD professionals with line managers increasingly becoming responsible for this area. Increasingly, this places a greater emphasis on HRD professionals to develop internal consultancy roles and competences. The study found that the major reason for adopting a learning orientation was to enhance competitiveness. They conclude that there is a need for HRD professionals to clarify their new roles, to develop new skills and to clearly demonstrate their value and contribution to organisational success.

(This paper is based on the project report on the European Union research project – 'Role of HRD in learning organisation – European concepts and practices'.)

CHAPTER 14 **Experiences of HRD consultants in supporting organisational learning**
by Rob Poell and Geoff Chivers

Rob Poell and Geoff Chivers present the findings of an exploratory study of a sample of HRD professionals in the UK. While recognising the limitations of their small sample, they found that the strongest visible trend was one towards a standardisation of learning arrangements. Organisational consultancy appears to be a prevalent mode of training delivery, but is overshadowed, however, by a focus on facilitating individual development. There is a strong awareness among training consultants about the importance of learning and development beyond formal training but, in practice, informal learning and learning from daily work experiences are relatively underaddressed issues. The authors discuss some of the difficulties in translating the concept of the learning organisation into organisational learning practices.

(This paper was written in the framework of the European Union Marie Curie 'researcher mobility programme'.)

CHAPTER 15 **Human resource development in Europe – at the crossroads**
by Barry Nyhan

This paper examines the concept and practice of Human Resource Development (HRD) from a European perspective. It locates HRD, which is seen to refer specifically to learning, training and development activities in companies, within the context of underlying 'people-management' theories (Human Resource Management - HRM) or what can be termed 'industrial or working-life cultures'. The paper contrasts two theories of HRD derived from

two different ways of conceiving Human Resource Management. The first of these, which is seen to have much in common with classical European industrial and working-life values, is the 'humanistic-developmental' tradition. The competing model, which it is argued is growing in prominence in Europe, is characterised by an 'instrumental-utilitarian' way of looking at human resources. The paper concludes, that at the present time, HRD policy makers in Europe are caught up in a debate about these two approaches. In fact, Europe can be seen to be at the crossroads, searching for a signpost leading it to human resource management and development policies that promote lifelong learning for everybody at work with the view to building a strong and sustainable economy.

(This is a revised version of a paper written for the 2001 Cedefop Research Report (4)*.)*

(4) A version of this chapter was published in the Cedefop Research Report 2001. See Nyhan, B. Human resource development in Europe - at the crossroads. *In*: Descy, P.; Tessaring, M. (eds.) *Training in Europe: second report on vocational training research in Europe 2000 - backgroung report*. Volume 2, pp.233-248, 2001.

PART 1

The meaning of the learning organisation

CHAPTER 1

Developmental learning – a condition for organisational learning

Per-Erik Ellström

1.1. Introduction

During the last 15 years the concept of learning has become a dominant concept in theory and research about organisations. Concepts of organisational learning are no longer peripheral in organisational theory but have entered core domains such as strategic planning and change (Mintzberg, 1994) as well as production management and innovation (Bélanger et al., 1999; Edquist, 1997). Furthermore, organisational learning has become a central concept in such traditionally diverse fields as research on economic growth and regional development (Maskell et al., 1998) and research on the conditions for promoting 'health-conducive' work (Karasek and Theorell, 1990).

The concept of learning has also strongly influenced thinking about the nature of work in modern society. In an influential essay, Giddens (1990) argues that the reflexive use of knowledge is a salient consequence of the current period of 'high modernity', and indeed, a necessary condition for practical action in a complex and opaque world. In line with this, Barnett (1999) proposes the idea that work and learning are rapidly converging activities in today's working life characterised by supercomplexity. Based on empirical studies of complex work, Zuboff (1988) supports the idea of an emerging integration between learning and work, and suggests that 'learning is the new form of labor' (p. 395). The idea of learning and work as integrated processes is strongly supported also by recent research on learning (Engeström, 1987; Lave and Wenger, 1991).

However, although there is support for the important role of learning in organisations, there are difficulties in implementing the optimistic viewpoint outlined above. First, it is often implicitly assumed that learning is, by definition, positive, and implies some kind of development on the part of a

learning subject (individual or group) or in organisational practices. However, as noted by many observers (e.g. Ellström, 1992; 1997; Engeström, 1987; Hackman and Wageman, 1995) learning may also have an adaptive function, that is, people adjust themselves to a possible adverse reality. Of course, such adjustment may be for better or for worse, but contrary to what is often tacitly assumed, learning is not always for the good.

Second, there are a number of commonly observed barriers to learning (Nordhaug, 1994) that may inhibit the learning potential in an organisation or create blockages or interruptions in the learning process (March and Olsen, 1976). These barriers or blockages may be located at the level of the individual learner, but also at a group or organisational level. Examples of such blockages are the difficulties that often occur in learning from experience (Brehmer, 1980); tendencies to be locked in learning traps (Levitt and March, 1988); and difficulties in moving from the discovery of a problem to the development and implementation of a solution (Ellström, Ekholm and Ellström, 2000). Each of these may separately, or in interaction with each other, be expected to create conditions for learning in organisations that are far from what could be expected from the optimistic picture painted by many proponents of organisations as arenas for knowledge creation and learning.

The purpose of this chapter is to present briefly a framework for analysing organisational learning that may help us understand how possibilities for learning in organisations can be exploited. There are three sections in the remainder of the chapter. First, the notion of organisational learning is introduced and defined and a typology of different modes of learning is outlined. Second, a conceptual model for analysing organisational learning, called an 'action-learning cycle', is discussed. Finally, some conclusions are drawn about the potential for organisational learning in workplaces today.

1.2. The meaning of organisational learning

Although the concept of organisational learning has appeared in research literature for more than three decades (e.g. Cyert and March, 1963), the focus of most research on the topic has concerned limited segments of an organisation, e.g. management groups (see Argyris and Schön, 1978). It is not until recent times that the research focus has widened to include broader groups, for example, ideas of team-based work and movements to involve employees in different kinds of developmental activities (Boud and Garrick, 1999; Mohrman, Cohen and Mohrman, 1995). However, many of the classical problems and controversies concerning the meaning of organisational learning still remain.

In this paper the notion of organisational learning is defined as: changes in organisational practices (including routines and procedures, structures, technologies, systems, etc.) that are mediated through the kind of human thought, action and interaction that is commonly called learning, but is also referred to as knowledge creation, inquiry, or problem-solving.

This rather wide definition of organisational learning makes it necessary to comment briefly on three issues. First, how does one understand the relationship between individual and organisational learning? Given the history of the concept of learning, with its basic individualistic bias based on the discipline of psychology, there are few, if any, good examples in literature of how to handle this issue. In the definition given above, the relation between individual and organisational learning is dealt with by stating that organisational learning, as manifested, for example, in certain changes in organisational practices, is somehow 'mediated through' human processes of thought, action and interaction. Of course, this notion of mediation remains to be explained and analysed; this is a matter, however, that is outside the scope of this paper. As defined above, the notion of organisational learning implies individual learning, which is viewed as a necessary, but not a sufficient condition for organisational learning to occur.

Second, the mediation of the human mind in organisational learning does not exclude the fact that organisational changes are also related to external factors of an economic, social or cultural character. Organisational learning often occurs in response to situations, events or actions, (external or internal to the organisation). Often these factors are interpreted as being in some way problematic or confusing (see Dewey, 1933; Argyris and Schön, 1978). The point being made here is that such external factors can affect organisational practices only through the mediation of human minds, that is through mechanisms of individual learning (see Simon, 1991).

A third issue concerns how one understands the character of the mediating processes, that is, the processes of 'human thought, action and interaction'. Of course, this issue brings us directly into the fields of learning theory and cognitive psychology as well as other social sciences and a full treatment of these fields is in consequence also outside the scope of this paper. Suffice it to say that the analysis presented below is based on a conceptual framework derived from theory and research within, what can loosely be called, 'cognitive action theory' (see Frese and Zapf, 1994; Norman, 1988; Rasmussen, 1986; also Ellström, 1992; 1997).

1.2.1. Adaptive versus developmental learning

The definition of organisational learning given above says nothing about the character of the individual and/or organisational changes in beliefs, norms, values and practices that are implied by the concept of learning. It is important to distinguish between changes that occur within a given framework, e.g. within a given set of norms or values or a given organisational structure and changes that represent a break with, and go beyond, the given framework. Perhaps the best known version of the above distinction is the one made by Argyris and Schön (1978) between 'single-loop' and 'double-loop' learning. More recently, other distinctions have been proposed by Senge (1990), and by Engeström (1987; 1999).

The present author makes a distinction between 'adaptive' and 'developmental' (or innovative) learning (Ellström, 1992; 1997). The point of departure for making this distinction is the character of the work/learning situation, and more specifically, the nature of the tasks to be performed, the methods/procedures to be used, and the results to be achieved. These two kinds of learning are defined in terms of the control of the learning subject with respect to these three aspects of the work/learning situation. The taxonomy presented in Figure 1 shows how the degree of control with respect to the work/learning situation is used to define different levels of learning (see also Frese and Zapf, 1994).

Figure 1. **Four levels of learning as a function of the degree of autonomy regarding the different aspects of the work/learning situation.**

Aspects of the work/ learning	LEVELS OF LEARNING			
	Adaptive learning		Developmental learning	
	Reproductive learning	Productive learning: Type I	Productive learning: Type II	Creative learning
Tasks	Given	Given	Given	Not Given
Methods	Given	Given	Not given	Not given
Results	Given	Not given	Not given	Not given

In terms of different combinations shown in Figure 1, it is possible to distinguish between at least four levels of learning, two of which may be seen as instances of 'adaptive learning' and two as illustrations of 'developmental learning'. Following Engeström (1987), the 'lowest' level of learning, which is called 'reproductive learning', may be assumed to correspond to the learning taking place through routinised (automated) actions performed without much

conscious attention and control (Anderson, 1982). This level of learning, although sufficient and necessary in many circumstances, relates to the handling of routine problems.

'Productive learning' (Type I), on the other hand, is characterised by certain degrees of freedom with respect to the evaluation of results or with respect also to the choice and use of methods (Type II). Thus, in Type I learning, the learner has to evaluate the outcomes and make minor corrections in the way the methods are applied to solve the problem at hand. In productive learning Type II, the learner has to engage in problem solving through experimentation. This means that the learner has to come up with a solution based on an understanding of the problem (Engeström, 1987).

The 'highest' level of learning is called 'creative learning'. In this type of learning, the learner has to use his or her own authority not only to evaluate outcomes or chose methods, but also to define the task, i.e. to diagnose the situation. The focus of the learner is not so much on 'doing things right', but rather questioning the definition of the problems posed by the environment (e.g. colleagues or management) and to begin to transform institutional approaches. Thus, creative learning occurs when individuals or groups of individuals within an organisation begin to reflect upon and transform established ideologies, routines, structures and practices.

However, it is important to emphasise that adaptive and developmental learning should not be seen as mutually exclusively. On the contrary, they presuppose each other. The complex character of much professional and skilled work, requiring the need to move between routine and non-routine work, indicates that organisational learning cannot be equated exclusively with one level of learning be it reproductive, productive or creative. Rather, what seems to be required is a productive balance entailing a kind of pendulum movement between different kinds of organisational learning. In the next section a model of human action and learning is presented that might be useful for pursuing this issue further.

1.3. Organisational learning – an 'action-learning cycle'

The conceptual framework for analysing organisational learning presented below is based on theories and research within the field of 'cognitive action theory' (e.g. Frese and Zapf, 1994; Norman, 1988; Rasmussen, 1986; also Ellström, 1992; 1997). This framework attempts to depict organisational learning as an interaction between an individual (human subject), a stream of actions and a changing context (see Figure 2).

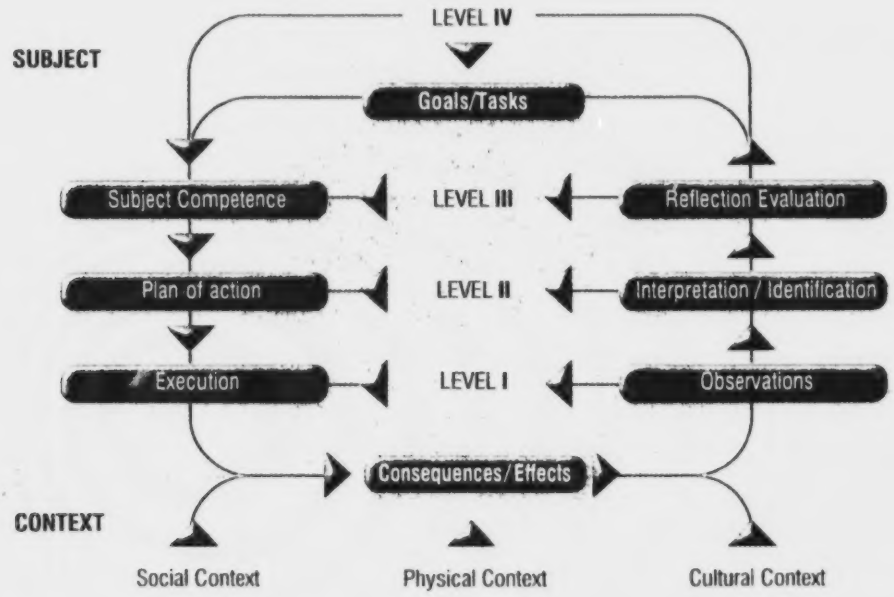
1.3.1. **The concept of action – an interrelationship between intention, behaviour and context**

The concept of action used here relates to intentional behaviour. More specifically, the concept of action refers to behaviours that are carried out on the basis of implicit or explicit knowledge, rules or standards in order to accomplish a task or reach a goal. As noted by many philosophers of action (e.g. Searle, 1980) as well as behavioural scientists (e.g. Weick, 1979) the intentional character of actions does not necessarily imply that the actor, consciously or unconsciously, had intentions, motives or goals before acting. In fact, intentions, motives and goals may also be discovered during, or after the performance of an action, through reflective learning, or as a reconstruction used to justify the action to oneself or others (Weick, 1979; March and Olson, 1976). Thus, there are actions that are best described as spontaneous, automatic or routinised behaviours. Furthermore, as noted by Searle (1980) and others, there are non-intentional as well as unintended actions.

Although an action is depicted in Figure 2 as an orderly process, in reality, it is much more intensive. It is an oversimplification to view an action as an *a priori* outcome of deliberate goal-setting. In fact, an action process might start at almost any point in the action cycle.

Different aspects of the context can shape an action, for example, through mechanisms of regulation, imitation or habitual rule (see Burns and Flam, 1987). Conversely, the contextual conditions can also be shaped and changed through intended and unintended actions and interactions. People can actively influence and shape the contextual conditions under which they live and work. This notion of the interacting individual is related to Giddens' 1984 theory of 'structuration', and Weick's (1979; 1995) notion of 'enactment'.

Figure 2. **The action-learning cycle: a conceptual model for analysing organisational learning.**



1.3.2. **Four levels of action**

Four levels of 'action' characterised by different types of cognitive control are put forward (see Figure 2). This four-level model is an elaboration and extension of the three level model proposed by Rasmussen (1986).

The four levels of action distinguished here are called:

- routinised automatic action (Level I);
- rule-based action (Level II);
- knowledge-based action (Level III);
- reflective action (Level IV).

1.3.2.1. *Routinised action (Level I)*

At the lowest 'routinised level', actions are performed without much conscious attention and control. The acting subject can not verbally describe the knowledge underpinning the action undertaken (see Berry and Broadbent, 1988). This level of action is governed by implicit or tacit knowledge. An action is typically performed smoothly and with little subjective effort. The information processing is parallel and rapid (see Shiffrin and Schneider, 1977, for the concept of automatic processing). However, although performance is automated and governed by implicit knowledge,

BEST COPY AVAILABLE

routinised actions are not performed passively or 'mindlessly'. On the contrary, higher-level control functions monitor ongoing actions, and anticipate upcoming problems and demands in the environment (Olsen and Rasmussen, 1989). Consistent with this observation, Giddens (1984) talks about the 'reflexive monitoring of action' to indicate the active character of routine actions.

1.3.2.2. *Rule-based action (Level II)*

At the 'rule-based level' the actor is able to handle familiar situations or problems in accordance with 'stored' and ready-made rules (Anderson, 1982) that usually can be described by the actor. This level of action presupposes an ability to read the situation at hand, and to select an appropriate rule that may have been learnt through experience, problem-solving or instruction.

1.3.2.3. *Knowledge-based action (Level III)*

The 'knowledge-based level' means that the actions are consciously controlled, generated and selected on the basis of analyses of tasks, goals, and previous experience. This may comprise factual knowledge and/or more general theoretical and explanatory knowledge.

1.3.2.4. *Reflective action (Level IV)*

The 'reflective action level', relates to actions based on evaluation and reflection concerning performance and consequences, but also regarding the nature of the tasks to be undertaken. This level of action is based on theoretical knowledge and meta-cognitive knowledge, that is, knowledge about the scope and limits of one's own knowledge, including one's strengths and weaknesses (Flavell, 1979).

Although the different levels of action outlined above are organised hierarchically, an individual actor has to work simultaneously on more than one level and also move between levels depending on the demands of the task or the contextual conditions. It is important to underline the interactive character of the model presented above. The focus is on the interaction between subject and context. This means that actors can create some of the contextual conditions they face and, to a certain extent, control their environment.

1.4. Conclusion – conditions for the implementation of organisational learning

The purpose of this chapter was to contribute to our understanding of the nature of learning in organisations. In order to do this, two main conceptual tools were introduced: a typology of different modes of learning, and the 'action-learning cycle'.

In the form of a conclusion the contrasting conditions that are likely to affect the potential for 'developmental learning' in an organisational learning context are presented below.

A reasonable hypothesis is that the first condition in each of the contrasts outlined below will, at best, allow for 'adaptive learning', while it is assumed that the second condition will enhance the likelihood of 'developmental learning':

(a) The learning potential of the task: low versus high degree of task complexity, variety, and control.
(b) The developmental competence of the employees: low versus high degree of task-relevant knowledge, motivation, desire for personal growth, personal effectiveness, etc.
(c) Opportunities for feedback, evaluation, and reflection: specific goals and feedback on short-term goals versus feedback on the achievement of goals open to different interpretations.
(d) Formalisation (standardisation) of work processes: 'coercive formalisation' through top-down design versus 'enabling formalisation' through employee participation and collective learning.
(e) Participation in problem-handling and developmental activities: no official participation versus official participation in the optimising and development of work processes.
(f) Learning resources: a lack of learning resources versus presence of appropriate learning resources (related to knowledge of work processes, information, work-based education and training, and time for analysis, interaction and reflection).

According to normative theory, the performance of 'new' models of production, (including TQM, team-based organisations, etc), depends on the potential to integrate learning and work, and to create good conditions for organisational learning. However, in the light of available evidence concerning so-called learning-intensive work systems, there appears to be few examples of work systems that comply with the second set of conditions outlined above regarding most of the six contrasts presented. Thus, in practice, given the present orientation towards structurally conservative

models of production in many organisations (Schumann, 1998), there is a considerable risk that a too narrow notion of effectiveness constrains the potential for learning at work. In order to enhance the inherent learning potential of new models of production, it is necessary that leading actors within politics, business, and trade unions make a radical break from the predominant ideas about what constitutes effective work systems.

1.5. References

Anderson, J. R. The acquisition of cognitive skill. *Psychological Review*, 1982, 89, pp.369-406.

Argyris, C.; Schön, D. A. *Organisational learning*. Reading: Addison Wesley, 1978.

Barnett, R. Learning to work and working to learn. *In*: Boud, D.; Garrick, J. (eds). *Understanding learning at work*. London: Routledge, 1999.

Bélanger, J. et al. (eds). *Being local worldwide: ABB and the challenge of global management*. Ithaca: Cornell University Press/IRL Press, 1999.

Berry, D. C.; Broadbent, D. E. Interactive tasks and the implicit - explicit distinction. *British Journal of Psychology*, 1988, 79, pp.251-272.

Boud, D.; Garrick, J. (eds). *Understanding learning at work*. London: Routledge, 1999.

Brehmer, B. In one word: not from experience. *Acta Psychologica*, 1980, 45, pp.223-241.

Burns, T. R; Flam, H. *The shaping of social organisation: social rule system theory with applications*. Beverly Hills: Sage Publications, 1987.

Cyert, R. M.; March, J. G. *A behavioural theory of the firm*. Englewood Cliffs, N.J.: Prentice-Hall, 1963.

Dewey, J. *How we think: a restatement of the relation of reflective thinking to the educative process*. Boston: D. C. Heath & Co., 1933.

Ellström, E.; Ekholm, B; Ellström, P.-E. *Talking problems: a study of knowledge creation and learning in teamwork*. Linköping: CMTO Research papers, Linköping University, 2000.

Ellström, P.-E. *Kompetens, lärande och utbildning i arbetslivet: problem, begrepp och teoretiska perspektiv. (Skills, learning, and education in working life: problems, concepts, and theoretical perspectives.)* Stockholm: Publica, 1992.

Ellström, P.-E. The many meanings of occupational competence and qualification. *European Journal of Industrial Training*, 1997, 21, 6/7, pp. 266-274.

Ellström, P-E.; Nilsson, B. *Kompetensutveckling i små- och medelstora företag*. (Competence development in SME's: a study of conditions, strategies, and effects) (Tech. Rep. No. 199). Linköping, Sweden: Linköping University, Center for Studies of Humans, Technology, and Organization (CMTO), 1997.

Engeström, Y. *Learning by expanding: an activity theoretical approach to development research*. Helsinki: Orienta Konsultit Oy, 1987.

Engeström, Y. Innovative learning in work teams: analysing cycles of knowledge creation in practice. *In*: Engeström, Y.; Miettinen, R.; Punamäki, R.-L. (eds). *Perspectives on activity theory*. Cambridge: Cambridge University Press, 1999.

Flavell, J. H. Metacognition and cognitive monitoring: a new area of cognitive-developmental inquiry. *American Psychologist*, 1979, 34, 10, pp. 906-911.

Frese, M.; Zapf, D. Action as the core of work psychology: a German approach. *In*: Triandis, H. C.; Dunnette, M. D.; Hough, L. M. (eds.) *Handbook of industrial and organisational psychology*. Palo Alto, CA: Consulting Psychologists Press, Inc., 1994.

Giddens, A. *The constitution of society: outline of the theory of structuration*. Cambridge: Polity Press, 1984.

Giddens, A. *The consequences of modernity*. Cambridge: Polity Press, 1990.

Hackman, J.R.; Wageman, R. Total quality management: empirical, conceptual, and practical issues. *Administrative Science Quarterly*, 1995, 40, pp.309-342.

Karasek, R.; Theorell, T. *Healthy work: stress, productivity, and the reconstruction of working life*. New York: Basic Books, Inc., Publishers, 1990.

Lave, J.; Wenger, E. *Situated learning: legitimate peripheral participation*. Cambridge: Cambridge University Press, 1991.

Levitt, B.: March, J. G. Organisational learning. *Annual Review of Sociology*, 1988, 14, pp. 319-340.

Maskell, P. et al. *Competitiveness, localised learning and regional development: specialisation and prosperity in small open economies*. London: Routledge, 1998.

March, J.G.; Olsen, J.P. *Ambiguity and choice in organisations*. Bergen: Universitetsforlaget, 1976.

Mintzberg, H. *The rise and fall of strategic planning: reconceiving roles for planning, plans, planners*. New York: The Free Press, 1994.

Mohrman, S. A.; Cohen, S. G.; Mohrman, Jr. A. M. *Designing team-based organisations: new forms for knowledge work*. San Francisco: Jossey-Bass Publ., 1995.

Nordhaug, O. Structural learning barriers in organisations. *Scandinavian Journal of Educational Research*, 1994, 38, 3-4, pp. 299-315.

Norman, D.A. *The psychology of everyday things*. New York: Basic Books Inc. Publ., 1988.

Olsen, S. E.; Rasmussen, J. The reflective expert and the prenovice. *In*: Bainbridge, L.; Ruiz Quintanilla, S. A. *Developing skills with information technology*. Chicester: John Wiley and Sons, 1989.

Rasmussen, J. *Information processing and human machine interaction: an approach to cognitive engineering*. New York: North Holland, 1986.

Schumann, M. New conceps of production and productivity. *Economic and Industrial Democracy*, 1998, 19, 1, pp. 17-32.

Searle, J. R. The intentionality of intention and action. *Cognitive Science*, 1980, 4, pp. 47-70.

Shiffrin, R. M.; Schneider, W. Controlled and automatic human information processing: II. Perceptual learning, automatic attending, and a general theory. *Psychological Review*, 1977, 84, pp. 129-190.

Simon, H. Bounded rationality and organizational learning. *Organization Science*, 1991, 2, 1, pp. 125-134.

Weick, K. *The social psychology of organizing* (2nd ed.). Reading, MA: Addison-Wesley, 1979.

Zuboff, S. *In the age of the smart machine: the future of work and power*. New York: Basic Boooks, 1988.

35.

CHAPTER 2

Challenges and open questions raised by the concept of the learning organisation

Martin Fischer

2.1. Introduction

Books on the 'learning organisation' or the 'learning company' ([5]) tend to put forward a somewhat mysterious definition - such as the one outlined below - to illustrate the difference between individual and organisational learning:

> 'Learning by an organisation is not the same as the sum total of individual learning and behaviour. On the one hand, there can be elements of individual knowledge that are not known by, or accessible to, an organisation, while, on the other hand, an organisation can have knowledge in its cognitive system that is no longer part of an individual's knowledge. Consequently, organisations can have more, or less, knowledge than the sum total of the individual workers' knowledge.'
>
> (Probst and Büchel, 1998: p.19, translated from the German).

This definition emphasises that individual learning processes are a precondition for organisational learning but it also stresses that company learning processes are different from, and should be regarded as more than, the sum total of individual learning processes (see similar definitions by Senge, 1997: p.171; Sonntag, 1996: p.67). The vocational education and training scientist from Munich, Karlheinz Geissler, who is critical of current discussions about the learning company and the learning organisation dismisses the above assertion as nonsense. He argues that it would be playing with words if the concept of learning were to be disconnected from the learning individual (Karlheinz Geissler and Orthey, 1996). My own hypothesis is that learning companies are indeed often described in an

([5]) The terms 'learning organisation' and 'learning company' are used interchangeably in this chapter (Eds.)

ideological way. However, as in most ideologies there is a core of truth, therefore, there may be some truth in the above definition. Thus, one could argue that, in some sense, a different reality appears when a company claims to have become a learning company.

In order to answer the question 'What exactly is a learning organisation?', it is necessary, first, to examine the concepts underpinning this notion; second, to look at the empirical evidence and third to relate both of these to each other. The next section of this paper goes on to address the first part of this question.

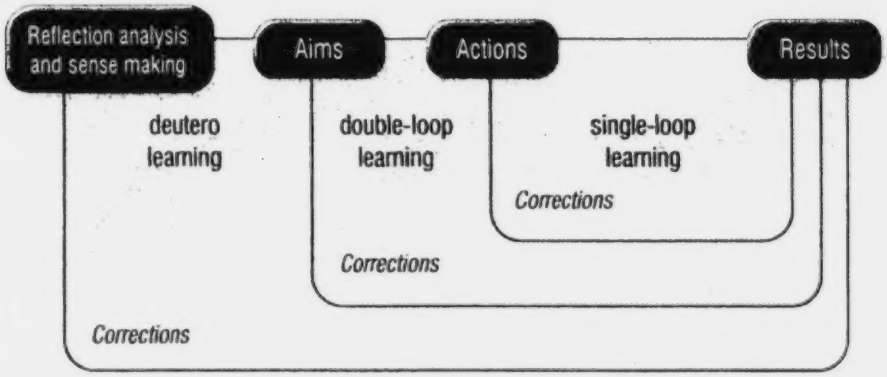
2.2. Concepts and theories underpinning the learning company

The majority of theories concerning the learning company can be subsumed under American management theory. Many of these claim to have achieved what Karlheinz Geissler criticises, that is to disconnect the concept of the learning company from the learning individual. This is not possible from one point of view because learning is a behaviour that takes place within the bounds of individual human beings. However, from a different perspective this is possible, because learning processes can be objectified in structures that support learning. For instance, the structure of learning within a school is defined by the teachers, the curricula and the design of the classrooms. These structures exist independently of the individual learners although they are kept alive through the actions of individuals.

2.2.1. The organisational learning concept of Chris Argyris and Donald Schön

According to Argyris and Schön (1978), organisational learning takes place within a framework that is created by the collective 'theories-in-use' of the individual members of the organisation. On this basis they have identified three levels of organisational learning: 'single-loop learning', 'double-loop learning' and 'deutero-learning'.

Figure 1. **Three levels of organisational learning** (source: Probst / Büchel 1998: p.38)



In Figure 1 the concept of deutero learning is interpreted by the St. Gallen School of Economics in Switzerland (Probst and Büchel, 1998) as reflection, analysis and sense-making based on individual learning processes taking place in an organisational context. The concept of deutero-learning enables us to understand the difference between organisational learning and individual learning. A learning organisation aims to stimulate the learning processes of its members through constantly assessing and changing its organisational culture. In other words, organisational learning has an impact on structures and not only individuals. These structures encapsulate all of the personal, interpersonal and non-personal behaviours of an organisation (see Neuberger, 1991). Argyris and Schön express this as follows:

> 'When an organisation engages in deutero-learning, its members learn, too, about previous contexts for learning. They reflect on and inquire into previous contexts for learning. They reflect on and inquire into previous episodes of organisational learning or failure to learn. They discover what they did that facilitated or inhibited learning, they invent new strategies for learning, they produce these strategies, and they evaluate and generalise what they have produced. The results become encoded in individual images and maps and are reflected in organisational learning practice.'
>
> (Argyris and Schön, 1978: p.27).

A first conclusion can be drawn: single-loop learning and double-loop learning can be regarded as prerequisites of organisational learning. However, if organisational learning should be regarded as more than the sum of individual learning then deutero-learning at a structural level has to take place.

BEST COPY AVAILABLE

2.2.2. **Edgar Schein's concept of 'company culture'**

Organisational learning at a structural level might be identified with the rules and procedures officially designated by the company. However, if the everyday behaviour of employees is taken into consideration the 'theories-in-use' (as Argyris and Schön have called them) seem to be more important. Those underlying assumptions guide the everyday behaviours of employees and explain the difference between plans and formal procedures, on the one hand, and the real life world of the company, on the other hand.

At this point the concept of 'company culture' must come into discussion. Edgar Schein (1991; 1995), regarded as one of the founders of organisational psychology, sees the issues of critical reflection and in particular company culture as the key elements in bringing about organisational change. For Schein the notion of a 'learning culture' is different from a 'learning structure'. This is based on the idea that organisational learning is not only objectified in formal rules for learning but also in many subjective and objective elements of a company's day-to-day life. These can stimulate or inhibit organisational learning processes.

Schein outlines the following ten factors that contribute to the make up of company culture:

(a) observed behavioural practices in peoples' interactions: the language use, the customs and traditions that have evolved, and the rituals employed;
(b) group norms: the implicit standards and values that evolve in working teams, for example the norm - 'a fair day's work for a fair day's pay';
(c) espoused values: the articulated, publicly announced principles and values that the group seeks to promote or to achieve, such as 'product quality' or 'price leadership';
(d) formal philosophy: the broad policies and ideological principles that guide a group's actions toward stockholders, employees, customers and other stakeholders;
(e) rules of the game: the implicit rules for getting along in the organisation, 'the ropes' [sic] that a newcomer must learn to become an accepted member - 'the way we do things around here';
(f) climate: the feeling that is conveyed in a group by the physical layout and the way in which members of the organisation interact with each other, with customers or with other outsiders;
(g) embedded skills: the special competences group members display in accomplishing certain tasks; the ability to get things passed on from generation to generation without articulating them in writing;
(h) habits of thinking, mental models and/or linguistic paradigms: shared

cognitive frameworks that guide the perceptions, thoughts and language used by the members of a group and are taught to new members early on in the socialisation process;

(i) shared meanings: the emergent understandings that are created by group members as they interact with each other;

(j) 'root metaphors' or 'integrating symbols: the ideas, feelings and images that group members use to give themselves an identity. These may or may not be articulated consciously but become embodied in buildings, office layout and other material artefacts. This reflects group members' emotional and esthetical responses as distinct from their cognitive or evaluative response (Schein, 1992: p.9).

Schein goes on further to identify two overarching factors, which he believes are necessary to transform the above ten factors in order to create the conditions for 'company culture':

(i) the integration of separate elements into a large paradigm: 'Culture somehow implies that rituals, climate, values, and behaviours bind together into a coherent whole. This patterning or integration is the essence of what we mean by 'culture.' (Schein 1992: p.10);

(ii) culture implies a structural stability and constancy regarding the above factors.

Schein integrates the 'structural characteristics of a learning company' with the concept of company culture. As a consequence, he interprets organisational learning as a change in company culture entailing learning processes that also go beyond individual learning.

2.2.3. **The 'systemic interventionist' concept of Peter Senge**

Peter Senge's extensive treatment of the learning company, which is presented almost as a textbook (Senge, 1996), goes into detail about the nature of the active learning processes within the context of a 'company culture'. In addition to the factors listed in 2.2 above, Senge argues that the development of an organisational learning culture entails following five disciplines:

(1) The first discipline is called personal mastery – the discipline of personal development. It is concerned with fostering people who are willing to learn, and who can stand the tension between personal visions and objective reality;

(2) The second discipline referred to as is based on the concept of 'theories-in-use'. These theories must be made explicit in order that the whole company can discuss them and develop collective mental models;

(3) The development of shared visions is the third discipline. A vision is 'a purpose put into practice'. Such visions must be 'owned' by every employee and thus become the mission of the whole company;
(4) Team learning is the fourth discipline. According to Senge, teams are the basic learning units of modern organisations. (From his practical experience, however, he reports that a team of enthusiastic managers, who had individual IQs of over 120, showed a collective IQ of 63! Therefore, he proposes techniques for dialogue, so that the collective potential can be harnessed.);
(5) The fifth and last discipline – systemic thinking – is the most crucial one for Senge – hence his book is called 'The fifth discipline'. Systemic thinking comprises all other disciplines and contributes to their integrated development and is based on 'systemic archetypes'.

For a learning company it is important to discern such 'systemic archetypes' and to use them as a lever to trigger changes within the company. Peter Senge's concept is consistent with the definition of a learning company outlined at the beginning of this chapter. It is not just that individual people learn in a company, but the company must also develop measures that promote a structure and a culture of organisational learning.

2.2.4. Organisational learning and social responsibility – the views of Harald Geissler

Harald Geissler (1996) provides a societal framework for the popular American thesis of organisational learning. He describes social preconditions and consequences of organisational learning that go beyond the company context. Geissler calls the systemic concept of organisational learning the 'gardener model'. Influential examples of the gardener model are provided by Peter Senge and by Gilbert Probst et al. (1998) of the St Gallen school in Switzerland. The gardener model differs from mechanistic management models in that it acknowledges that systemic organisational practices have their own self-organising patterns. It allows opportunities for managers to intervene and make a systemic diagnosis in the way that a gardener would. Likewise, the manager has to respect the laws of nature to get plants to flower and to harvest fruits (see Harald Geissler, 1996: p. 257).

Whilst Harald Geissler's description of the systemic interventionist practice is accurate, his critique of it is not quite clear. I suggest that the metaphor of a person as being a simple organism, and perhaps more precisely as a subsidiary organism within a larger organism, has to be questioned. A plant cannot do anything other than grow if the gardener takes care of it. It is different with human beings, who have their own free will and conscience and

are able to reflect on their own activities as well as respond to their gardener in a way that might lead to outcomes other than the gardener had in mind.

While Peter Senge and the proponents of the St Gallen school would acknowledge this critique, nevertheless that choice of individuals tends to be restricted to processes of growing and shrinking, gaining equilibrium or getting feedback, or of deferring or delaying. This cannot be regarded as a well-founded *Weltanschauung* (view of the world) to explain the relationship between individual professional/occupational identities and labour market policy.

Geissler wants to move away from the gardener notion and see the learning company as 'the cooperational togetherness' of the members of the organisation. According to Geissler's concept of organisational learning (1996: p. 276) individual development falls into two categories. First, it is characterised by work processes, work-oriented learning, self-oriented learning and the development of a personal identity. Second, the individual develops as a collective member of the company via rules of communication, learning through collaboration and organisational practice on a meta-level.

Figure 2. **The systematic relationship between individual and organisational learning and working** (Geissler, 1996: p.276)

	'double contigency'	implicit or explicit discussion of the		
		informal rules of communication & collaboration	formal rules of the organisation	relationship between the organisation and society
	⇓	⇓	⇓	⇓
Individual activities	rules of communication and collaboration	functional or intentional learning through		
		communication and collaboration	organisational practice	organisational practice on a meta-level
Work processes				
Work-oriented learning				
Self-oriented learning				
Development of a personal identity				

The term 'double contingency' in Figure 2 refers to the tension between the self-perception of individuals, the perception others have of them and what they expect of them. This tension between reality and vision, is dealt with through 'rules of communication'. For Geissler, the discussion on the rules of communication leads to 'learning through collaboration'. Discussion on the 'rules of the organisation' leads to 'learning through organisational practice' and discussion on the relationship between organisation and society leads to 'learning through organisational practice at a meta-level'. This is the highest level of organisational learning. If a company achieves this and combines economic motives with social responsibility, it can truly be called an 'educated company' (Petersen, 1997).

However, this conceptual development presents a general and broad-brush approach that is difficult to assess. This is partly because it is so extensive in attempting to consider all aspects of organisational learning, including the problem of social responsibility. (In passing, it should be noted that American approaches tend not to deal with the issue of social responsibility explicitly, because the goal of social responsibility is equated with economic success.) It is also difficult to evaluate it critically because it is not applied to any particular firm or existing company. Harald Geissler is aware of this and says that his concept is normative rather than factual. According to his approach, the company is a basic, comprehensive and positive agent of socialisation. However, we must remain sceptical as long as Geissler's matrix is devoid of content although it could provide a framework for a survey.

2.2.5. **Concluding comments on the theories examined**

The organisational learning theories presented in this section point to something beyond individual learning leading to a learning organisation. The focus in a company's practice of systemic reflection and on changes in company culture is a common feature of the different theories. However, most of the authors discussed, with the exception of Harald Geissler, are mainly concerned with the instrumental dimension of company culture – a means to achieve economic success. Given the largely American influence regarding the concept of the learning organisation, the political and social dimensions of a learning company are likely to be ignored or treated only in connection with their economic effects. It is evident in many of these approaches that the work processes and the perspective of the management change when a systemic learning culture is created in the company. What that signifies for the daily work of the individual workers or employees and what this means for vocational education and training inside and outside the company is not at all clear.

2.3. Empirical evidence concerning the emergence of learning companies

According to German managers the learning organisation concept is well founded in reality. A survey on the use of new management concepts in 102 medium and large companies in Germany showed that, for 90% of them, the concept of the learning organisation was known while 70% said that they made use of it (Perlitz, 1997: p.9). In another company survey, the concept of the 'learning company' was seen as important by 90% of the sample and 49% said they had implemented it (Bullinger et al., 1997: p.81).

However the problem with these empirical surveys is that they sound out the interviewees only on 'buzzwords'. These managers may only be attributing learning organisation characteristics to their own companies in a manner that relates to the image they have of their companies rather than what actually happens in them. This impression is reinforced if we look more closely at the concepts managing directors have of a learning company or a learning organisation. Two German management journals reported that several companies are claiming to be learning companies *(Manager Magazin*, 1995: pp.141-144, and *Personalführung*, 1995). One of these companies saw itself as a learning company because it had significantly reduced its 'door-to-door times, set-up times and stocks'. Others regarded themselves as learning organisations because – 'they deal with cost systems, report systems and special orders in project teams'. The 'introduction of group work and flat hierarchies' was also mentioned as evidence as were the introduction of 'measures for continuous improvement', 'customer orientation', and 'lean management'.

So what can be said about the empirical research on companies that call themselves learning organisations? I did not find a single study that satisfactorily presented what actually happens in learning companies – and this is not just my own conclusion (also see Sonntag, 1996: p.205 and Drosten, 1996: p.129). Empirical studies are more meaningful than the surveys mentioned above but, even so, they still tend to reflect management statements of intent rather their realisation and the impact they have on employees. Other empirical analyses are presented as case studies, often entitled 'X - a learning company', which simply describe the 'success story' of a company. What is not explained is how organisational learning has an impact on the output of a company. To illustrate this, I will show that this is true even for the well-known and well-documented case study of the Canadian company Cascades. In 1950, a small paper company named Cascades was founded by the Lamaire family in the east of Quebec in

Canada. Today, Cascades is a multinational company with 34 associates and 4200 employees. A major research study on learning culture of Cascades was undertaken at the Quebec location by Aktouf (1992) and his research team between 1987 and 1992. To gather their evidence, the researchers used participant observation methods and carried out qualitative interviews with employees and managers. However, even though the study gives a very clear outline of the company's major principles they hardly say anything of substance about how these principles were translated into action. For example, it was claimed that every employee of Cascades may use the president's helicopter. What it does not tell us is whether in fact it was ever used by anyone – is there a waiting list for the 4200 employees and what does the president do if he wants to use the helicopter himself! Another point concerns the office doors that must always remain open – does this promote more intensive collaboration; or might some employees feel disturbed and close their doors; and what happens with those who close their doors?

If these types of studies do not discuss inherent contradictions, and ambiguities, then their scientific value is questionable. However, looking at the literature on company restructuring processes and drawing on their albeit insufficiently argued conclusions, certain indicators of organisational learning can be identified. Accordingly the following five key indicators are put forward below for consideration:

(i) provision of immediate feedback on work results: This is implemented by forming direct relationships with the customer of a product – both inside and outside the company (see Weilnböck-Buck et al., 1996: p.272). The learning company concept stresses that every employee should be committed to the needs of the customer and this relates to the internal organisation of the company and its external relations (see Buck, 1996: p.119). The aim is to shorten the time delay between an employee's work and feedback received on the results of work undertaken;

(ii) continuous self-organisation based on self-control: the main point here is that the ability to reorganise internal production processes rapidly will enable new products to be introduced into the market very quickly. This gives companies an edge over their competitors (see Probst and Büchel, 1998: p.8). Learning companies are able to restructure themselves continuously. This is well documented by researchers dealing with the field of industrial sociology (see Drexel, 1998: p.53);

(iii) learning companies emphasise that existing forms of work and learning have to be scrutinised and changed from case to case and that a company culture has to be established which promotes such scrutiny and change. This entails a move towards teamwork and autonomous

teams, although this is not in the same sense as advocates of teamwork such as Peter Brödner (1998) support. Controlled self-organisation is a feature of a learning company because it provides a framework that allows for the possibility of temporary forms of work organisation. This is based on the principle that problematic work situations (disruptions, rush orders, unforeseen events etc) can be solved through the existence of decentralised units;

(iv) integration of work and learning: the integration of work and learning is a result not of continuously being compelled to address problematic work situations, but as a deliberate corporate strategy. This is also related to the rapidly rising costs of continuing education and training (Posth, 1992: p.180). It needs to be emphasised that the integration of work and learning is not always successful but is dependant on many conditions (Ulich and Baitsch, 1987: p.516) such as a work organisation that promotes learning, the introduction of tutorial work schemes and work-oriented learning and further education activities;

(v) sharing knowledge and experience within the company: it is becoming clear to more and more managers that the local knowledge of employees is of value to the company. The concept of knowledge management (see Pawlowsky and Bäumer, 1996) puts the accumulation and exchange of knowledge and experience as an important company objective. Thus, employees need to keep records of the knowledge that is necessary for their jobs and to share this within the company. It is part of the culture of a learning company to support this process by providing technical tools such as computer systems for recording knowledge, and organisational processes such as quality circles for the exchange and creation of knowledge;

(vi) networking and benchmarking: learning from the environment is encouraged and systematically evaluated. The results are interpreted to address the company's objectives in line with local constraints and opportunities. Benchmarking is a well-known strategy used to learn from other companies, especially competitors. Informal and formal networking is another strategy to establish links with political or environmental groups, employer associations, trade unions, academic institutions and business organisations. Situated learning methods are used to improve inter-company cooperation (see Wehner et al., 1996).

2.4. The role of vocational education and training in a learning organisation context

In Germany, the term 'organisational learning' is often understood to be in opposition to the vocational education and training (VET) dual system. The German dual system is seen to be working against the idea of permanent change, while the concept of organisational learning is seen to be promoting it.

In the final part of this paper I will summarise a discussion among German HRD managers in major companies such as Bayer, IBM, Siemens, and Volkswagen about their views concerning the relationship between traditional German vocational education and training (VET) and the promotion of the learning organisation (see Fischer, 1998). These managers confirmed that the concept of organisational learning plays a vital role within their enterprises. They also agreed, generally speaking, that the system of vocational/occupational categories should be simplified in a way that there should be less occupations on the same level within one broad occupational field. Looking closely at the practice of these companies, three different strategies on how to relate VET to organisational learning within companies can be identified:

(i) further development of the existing VET system as a semi-autonomous factor within a company: this is the conservative position – the dual system should be kept as it is. Supporters of this view see the system as being flexible enough to leave space for further development. It is interesting that this position was emphasised by companies in the chemical sector that only recently adopted the dual system. The management of these companies is satisfied with the traditional VET system as are those American firms that have recently taken on board the apprenticeship system. Managers in these sectors regard the VET system as a positive element rather than as a barrier to the promotion of organisational learning;

(ii) integration of vocational education and training with human resource development approaches: in large German companies VET was traditionally organised within a separate department. This is changing in many companies where VET is often integrated with human resource development (HRD) and is also establishing close connections with other departments in the company. There are several reasons for this trend. The integration of work and learning means that the separation of vocational learning from HRD does not make sense. Furthermore, the VET department has traditionally been bound by all sorts of laws and

regulations. This has given VET the image of being reactive and passive instead of actively facilitating and positively influencing processes of organisational learning to cope with changing business conditions;

(iii) outsourcing and privatising VET through using independent companies: if one takes the position that VET departments have become a barrier to organisational learning then the reasons for outsourcing and privatising VET become clear. Enterprises in Germany that have employed this strategy have done so with the intention of reducing costs and cutting back on the expensive VET system. Examples of outsourcing companies are the Volkswagen Coaching Company and Providas. The latter company services a large number of companies in the chemical industry that were formerly part of the Hoechst group. These independent companies see VET as a service, that is negotiated, carried out and paid for in the same way as any other business dealing. In this way, enterprises try to ensure that they only pay for VET services that they can profit from. Each training course is considered separately. This is different from former policies according to which the VET system was seen to contribute to the economic success of the enterprise in a much more long-term and wider societal sense. Privatised VET is a break from this tradition. There is also a further knock on effect of this strategy in the area of continuing training, where employees are encouraged to take responsibility for their own learning including undertaking it in their own time and paying for it themselves.

This discussion among German managers summarised here raises the question about whether or not VET can be considered as a core feature of a learning organisation. Taking the three different strategies outlined above together, one could draw the conclusion that VET as regulated by laws, systematically regimented within an educational system and within the exclusive domain of VET departments, is going to lose some of its importance. There is evidence that VET is being absorbed by other departments or being privatised within independent companies.

However, one cannot ignore that in a learning organisation there is an increasing emphasis on learning-related processes and activities that do not come under vocational education and training in the traditional sense, but nevertheless clearly are important from a competence development perspective. These learning-related activities are obviously taking place in all areas in the organisation and cannot be seen to be within the exclusive domain of the VET department. In reality, therefore, VET must have a close relationship with the fields covered by human resource development (HRD and quality management).

The impact of this view of learning and competence development on the German *Beruf* (occupation or profession) concept needs to be discussed. A number of company managers we spoke to stated that if German workers see their work too much in relation to the *Beruf* that they have been trained and educated for, that this can act as an obstacle to corporate restructuring and change. Those managers considered the *Beruf* concept as a sort of internal barrier within the enterprise stemming from a sense of occupational identity and solidarity among skilled workers that can prevent them from moving to new tasks. It is also seen to be an external barrier to change in society because of the way in which a *Beruf* is related to specific work tasks and types of qualifications that, in turn, have remuneration implications.

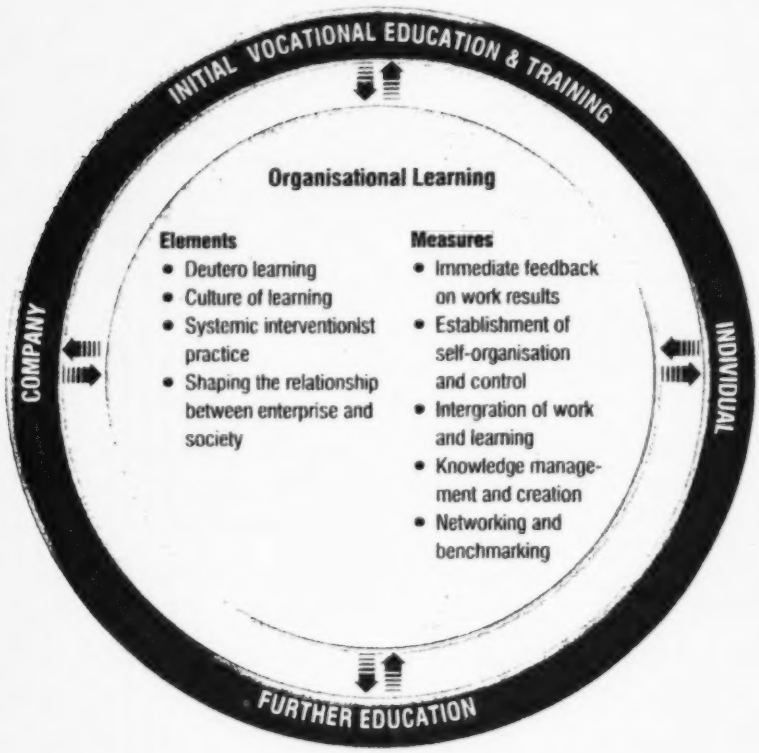
2.4.1. **Critical questions to be addressed**

The vocational education and training system in learning organisations has to face up to the following ambiguity. Learning takes place throughout all spheres of company activities. Various demanding tasks are carried out under conditions of partial self-organisation. Direct feedback on the consequences of one's actions becomes possible as well as exchanges of experience and knowledge within a company. However, carrying out such learning tasks may no longer be seen to contribute to a sense of a personal or professional identity along the lines of a *Beruf*. The company benefits, but not perhaps the individual.

The manner in which the knowledge in a company has benefits for the individual as distinct from the company, raises many questions. The concept of the learning organisation raises even more questions (see Ostendorf, 1998). Learning for its own sake is still allowed – and even encouraged – but only on the condition that the company benefits directly from it. However, whether collective learning can bring a return for the individual is not clear.

The study of an innovative chemical company in Italy (Mariani, 2002) showed that part of the company's deliberate organisational learning strategy was to employ qualified workers on temporary contracts in order to bring knowledge into the company. Most of them did not gain permanent employment in the company.

Figure 3. **Organisational learning – interdependency between the company, the individual and the vocational education and training system.**



Whether or not, this dilemma can be resolved, in the context of different organisational learning strategies and educational systems, is an important question that requires further empirical research. Figure 3 outlines research questions from the points of view of the company, the individual and the education and training system. It is important that both the impact of learning organisation thinking on *Beruf* (occupational) structures and on the form and content of vocational education is analysed but also the way in which vocational education and training in turn can impact and contribute to the processes of organisational learning must be considered (see Georg 1996: p. 655). The impact of organisational learning from the point of view of benefits to both individuals and companies also needs analysis.

Educationalists tend to be rather uncritical of practice as long as the term 'learning' is used to describe it. Consequently, one-sided views of organisational learning are put forward: the company lays down the structures

BEST COPY AVAILABLE

and it is up to the VET system to adjust accordingly. I suggest that this should be viewed from both directions. The argument presented here is that the contribution of both the VET system and organisational learning principles should be evaluated with respect to the needs of the company, the individual and society as a whole. This is the subject of a current research project that the author is involved in concerning the analysis of organisational learning in a number of large chemical companies in four European countries.

2.5. References

Aktouf, O. Der Fall "Cascades": Die Hinterfragung der Führung und die Teilung der Macht. *Organisationsentwicklung*, 2, 1992, pp. 44-57.

Aktouf, O; Chretien, M. Die Entfremdung abbauen: Wie eine Unternehmenskultur 'erlebt' und nicht künstlich konstruiert wurde. *Zeitschrift für Organisationsentwicklung*, 2, 1987, pp. 11-28.

Argyris, C; Schön, D.A. *Organizational learning: a theory of action perspective*. Reading (Mass.): Addison-Wesley: 1978.

Brödner, P. Wettbewerbsfähige Produktion und Zukunft der Arbeit. *In*: Dehnbostel, P.; Erbe, H.; Novak, H. (eds). *Berufliche Bildung im lernenden Unternehmen*. Berlin: Edition Sigma, 1998, pp. 33-48.

Buck, B. Subjektkonstitution und Handlungsfähigkeit in neueren Organisationskonzepten. *In*: Weilnböck-Buck, I.; Dybowski, G.; Buck, B. (eds). *Bildung - Organisation - Qualität. Zum Wandel in den Unternehmen und den Konsequenzen für die Berufsbildung*. Bielefeld: Bertelsmann, 1996, pp. 99-131.

Bullinger, H.-J; Brettreich-Teichmann, W; Wiedmann, G. Kundenorientierte Dienstleistungsmodelle - Intelligente Produkte und kreative Organisationsmodelle. *In*: Perlitz, M.; Offinger, A.; Reinhardt, M.; Schug, K. (eds). *Strategien im Umbruch. Neue Konzepte der Unternehmensführung*; Stuttgart: Schäffer-Poeschel Verlag 1997, pp. 67-82.

Drexel, I. Das lernende Unternehmen aus industriesoziologischer Sicht. *In*: Dehnbostel, P.; Erbe, H.; Novak, H. (eds). *Berufliche Bildung im lernenden Unternehmen*. Berlin: Edition Sigma, 1998, pp. 49-62.

Drosten, S. *Integrierte Organisations- und Personalentwicklung in der lernenden Unternehmung*. Bielefeld: Bertelsmann, 1996.

Fischer, M. Bildung als Kernbereich des Unternehmens? Betriebliche Strategien im Umgang mit der Berufsbildung. *In:* Haase, P.; Dybowski, G.; Fischer, M. (eds). *Berufliche Bildung auf dem Prüfstand. Alternativen beruflicher Bildungspraxis und Reformperspektiven*. Bremen: Donat Verlag, 1998, pp. 109-126.

Geissler, H. Die Organisation als lernendes Subjekt - Vorüberlegungen zu einer Bildungstheorie der Organisation. *In*: Geissler, H. (ed.). *Arbeit, Lernen und Organisation*. Weinheim: Deutscher Studien Verlag, 1996, pp. 253-281.

Geissler, Kh; Orthey, F.-M. Im Strudel des Etikettenschwindels. Sprachspiel-Desperados erfanden die 'lernende Organisation'. *Süddeutsche Zeitung;* from 29-30, Juni 1996, pp. V1/1.

Georg, W. Lernen im Prozeß der Arbeit. *In*: Dedering H. (eds). *Handbuch zur arbeitsorientierten Bildung*. München/ Wien: Oldenbourg Verlag, 1996, pp. 637-659.

Manager Magazin, N° 2, 1995.

Mariani, M. Work process knowledge in a chemical company. *In*: Boreham, N. C.; Samurcay, R.; Fischer, M. (eds.). *Work process knowledge*. London: Routledge, 2002, pp. 15-24.

Neuberger, O. *Personalentwicklung*. Stuttgart: Enke Verlag, 1991.

Ostendorf, A. Das Verhältnis Individuum-Organisation als Grundsatzfrage betriebspädagogischer Forschung – ein Beitrag im Kontext des Diskurses zur lernenden Organisation'. *In*: Schelten, A.; Sloane, P. F. E.; Straka, G. A. (eds). *Perspektiven des Lernens in der Berufsbildung*. Opladen: Leske and Budrich, 1998.

Pawlowsky, P.; Bäumer, J. *Betriebliche Weiterbildung. Management von Qualifikation und Wissen*. München: Beck, 1996.

Perlitz, M. Strategischer Wandel - helfen neue Managementkonzepte? *In*: Perlitz, M.; Offinger, A.; Reinhardt, M.; Schug, K. (eds). *Strategien im Umbruch. Neue Konzepte der Unternehmensführung*. Stuttgart: Schäffer-Poeschel Verlag, 1997, pp. 3-17.

Personalführung, Sonderheft: *Lernende Organisation*, 1995.

Petersen, J. *Die gebildete Unternehmung*. Frankfurt: Peter Lang et al., 1997.

Posth, M. Gestaltung des Unternehmens zu einer Learning Company. *In*: Kienbaum, J. (Hg). *Visionäres Personalmanagement*. Stuttgart: C.E. Poeschel Verlag, 1992, pp. 169-186.

Probst, G; Büchel, B. *Organisationales Lernen. Wettbewerbsvorteil der Zukunft*. Wiesbaden: Gabler, 1998.

Schein, E.H. *Organizational culture and leadership*. San Francisco: Jossey Bass, 1992.

Schein, E.H. *Unternehmenskultur. Ein Handbuch für Führungskräfte*. Frankfurt/ New York: Campus, 1995.

Senge, P.M. *Die fünfte Disziplin. Kunst und Praxis der lernenden Organisation*. Stuttgart: Klett-Cotta, 1997.

Senge, P.M; Kleiner, A.; Smith, B; Roberts. et al. *Das Fieldbook zur fünften Disziplin. Kunst und Praxis der lernenden Organisation*. Stuttgart: Klett-Cotta, 1996.

Sonntag, Kh. *Lernen im Unternehmen. Effiziente Organisation durch Lernkultur*. München: Beck'sche Verlagsbuchhandlung, 1996.

Ulich, E.; Baitsch, C. Arbeitsstrukturierung. *In*: Kleinbeck, U.; Rutenfranz, J. (eds). *Arbeitspsychologie*. Göttingen: Hogrefe Verlag, 1987, pp. 493-531.

Wehner, T; Clases, C; Endres, E. Situiertes Lernen und kooperatives Handeln in Praxisgemeinschaften. *In*: Endres, E.; Wehner, T. (eds). *Zwischenbetriebliche Kooperation. Die Gestaltung von Lieferbeziehungen*. Weinheim: Beltz-Verlag, 1996.

Weilnböck-Buck, I; Dybowski, G; Buck, B; (Hg.) *Bildung-Organisation-Qualität. Zum Wandel in den Unternehmen und den Konsequenzen für die Berufsbildung*. Bielefeld: Bertelsmann, 1996.

52

CHAPTER 3

How organisations learn – a theory of learning and organisational development

Hans-Werner Franz

3.1. Introduction

There is a simple truth behind all the different labels of human-centred organisation development: you can force people to work, but you cannot force people to work well, at least not in the long run. In order to work well people must want it, be able and allowed to. Exactly the same applies to learning. A few years ago, I listened to a successful co-owner and manager of a Spanish car parts company telling the story of his company which started off in the 1950s with six employees in a small workshop. It now employs more than 13 000 people all over the world (except Africa, the forgotten corner of globalisation). He summarised his management experience in a similarly simple phrase: 'I have learned that there is no worker who wants to work badly, there is only bad management.' Thus, he formulated in his own words the basics of quality-driven economies. While the Taylor philosophy could be summarised in Lenin's classical phrase of: 'Trust is good, control is better', the post-Tayloristic approach must focus on the contrary: 'Control is good, trust is better.'

It is as simple as this: management is responsible for organising a company in a way which makes people want to work and learn. All this sounds like a very personal and private credo of a naïve, good-hearted researcher lodged in an ivory tower. But this is the essence of what I am going to propose as a theory of the learning organisation. This theory arises largely from my own, theoretically reflected experience as a consultant in human resources and organisation development and as an empirical researcher (on this specific subject, e.g., Franz and Lichte, 1991; Franz, 1994a; and Franz, 1998). This mix of functional roles gives me a very special and strategic view of theories in that they must help me, and others, to work better. Since I understand consultants as temporary virtual managers (and good managers as responsible consultants), this means in turn that I am

working well when I can help to make people want to work well.

Hence, theories I propose tend to be practice-oriented rather than purely analytical. They are meant to support the shaping of a future reality rather than understanding the existing one, although they must definitely serve for the latter task, too, in order to deserve being called a theory. I share Peter Senge's verdict that 'a learning organisation is a vision' and that 'there is no such thing that can be called a learning organisation' (1996: p.501), and I share his temptation to deliver what according to him does not exist – a definition. The closest he ever got to defining what a learning organisation was when he said: 'A learning organisation is a group of people who need one another in order to achieve something and who, in the course of time, continuously extend their capacities of achieving what they really want to achieve.' (p. 500; both quotations are re-translations into English by the author). I take this approach too.

A learning organisation means and conveys several meanings, which do not all translate in other languages. One is the 'organisation which learns' or another the 'qualifying organisation' – these are the two translations possible in the Latin languages – but there is also the idea that the organisation of the company and its work is, at the same time, the organisation of learning. This is only hinted at in English. Moreover, it means that organisation is understood as a process, a dynamic fuelled by a process of learning, where the organisation both wants and aids people, and itself as a whole, to cope successfully with known and unknown challenges. These can arise from diverse sources: from a rapidly and constantly changing environment, i.e. markets, technologies, ecological conditions and constraints, values; from general trends like globalisation, new information technology and sustainability. Whatever one thinks a learning organisation is, a learning organisation theory must be a theory of learning *and* organisation. Such a theory, so far, does not exist.

Table 1. ***Matrix of a learning organisation culture***

Ways / Aims	customer orientation process	improvement process	learning process	participation process	decision-making process	appropriation process
customer orientation process						
improvement process						
learning process						
participation process						
decision-making process						
appropriation process						

A General Theory of Quality

My theory, in this paper, puts forward six dimensions of how to become and to be a learning organisation. They are, at the same time, the objectives and the way of achieving them, the product and the process of producing learning They constitute an organisational culture that helps to overcome the eternal management (and consultancy) dilemma of 'structure follows strategy' versus 'strategy follows structure' (Mintzberg). There are six dimensions, which are based in, as well as culminate in, what I call a general theory of quality. Each of these dimensions must be compatible with and applied to all the others, thus constituting a strategic planning tool as well as an analytical evaluation matrix of the dimensions of a learning organisation and of all methods and instruments used in the process of developing one. Figure 1 presents the whole theory.

The entrance to this theoretical building is framed by two pillars or premises. First, the aforementioned general psychological or pedagogical assumption is that in order to do things well, people must want it, be able and allowed to. Hence, the conditions of doing things must not be counter-productive to their own needs, interests and wishes, they must be trained for doing things well and have the necessary materials and tools and, finally, they must work within structures which allow, if not assist them to do things well. Behind this is the idea of a dialectical relationship and mutual interaction between behaviour and environment (organisation), in German: *Verhalten* and *Verhältnisse*. *Verhalten* is behaviour, i.e., how I relate myself, *Verhältnisse* are the structure of relations and relationships which surrounds me.

Second, the economic assumption that, in affluent societies with relatively saturated markets, consumers' (and citizens') decisions are generally marked by qualitative aspects in the first place, to put it simply, by quality and price instead of price and quality. This stage of demand-led or buyers' markets was gradually reached in Western Europe from the 1970s onwards (Franz, 1995b), leading to a 'differentiated quality production' Sorge and Streeck, 1987) that has become the new paradigm and strategic option of the major companies (Franz, 1994b).

The small booklet on 'The learning organisation' (Stahl et al., 1993) gives a broad overview of these rather historical circumstances based on a sober empirical view of the 'challenges for European enterprises' (p. 104) due to:

(a) changes in market structures towards markets dominated by buyers' needs;
(b) the introduction of new technologies;
(c) growing quality requirements;
(d) increasing post-industrial attitudes of the European working population;
(e) growing competition within the European single market and with south-east Asian countries;
(f) increasing pressure due to market and technological changes to focus organisational development of companies on qualified employees.

As a response to these unstable new conditions, the authors offer no less than a 'model of the learning organisation' more or less systematically summarised in a comprehensive catalogue of 21 normative conditions (1993:pp.105-108).

These 21 issues are a useful catalogue of the principles and characteristics of the learning organisation. This checklist is somewhat idiosyncratic; it is neither complete nor does it seem that all items are really necessary. But more importantly there is no theory, at least not an explicit one, behind it. Why, for example, should using computer-based tools be important for learning organisations while vital characteristics like comprehensive employees' participation are missing? Furthermore there is no hint of the reasons as to why employees should want to learn and change. The implicit and unspoken assumption that what is good for the company must be good for its employees is omnipresent. One key element missing is the question of, and the quest for, quality in organisations. TQM (Total Quality Management) is mentioned as a tool, but not as a part of a culture change in companies. The authors, I know, would definitely not want to support what potentially comes from this instrumental approach, namely a totalitarian or overly prescriptive approach.

56.

3.2. Can organisations learn?

One of the basic questions in the German debate on learning organisations is about who learns; is it individuals or organisations? (e.g. Geissler and Orthey, 1996; Witthaus and Wittwer, 1996). This question is usually put forward by authors with an educational or vocational training background. For most of them the answer is perfectly clear – only individuals can learn. For them, organisations are nothing but a given set of structures and rules; and people are in organisations. From a sociological point of view, this is not acceptable, since organisations without the people who form and animate them would be non-sociological entities. Organisations must be understood as larger social organisms constituted by members and groups of people on the one hand, and by formal and informal structures, rules, purposes and values on the other. The enduring structures, rules, purposes and values only become organisation by people enacting them. Without their interaction where they create and conform to these rules, the organisation does not come to life. Hence, organisations are the distinctively structured and regulated form of purposeful interaction of individuals and groups. The first and foremost objective of organisations (as of all systems) is striving for survival by fulfilling their purpose. Economic organisations must fulfil a double purpose, they must produce the product or service they have been created for and, in doing so, they must produce an economic yield that allows extended reproduction.

So the question of whether organisations can learn must be answered with a clear 'yes' and 'no'. It is 'no' in so far as they are an objectively existing construction of purposes, structures and rules which can only be altered by people who have learned to do so. (How they have learned to do so is a very important variable of how, what and how much organisations learn.) But it is 'yes' when we consider organisations to be purposeful interaction of people who apply and modify these structures, rules and values or even replace them by new ones. By doing so, they learn in organisation and find their being in the organisation. Even so, one could object that it is still the individuals who learn. The answer to this could be sought by putting a counter-question: would they learn what they learn without belonging to this organisation? Definitely not!

The conclusion is that individuals learn in and with their organisations, in creating and changing the organisation. It must be stressed once more, of course, that individuals also learn independently of the organisation. But this is not our primary concern, even if this learning is used by the organisation. For this discussion, organisational learning is always purposeful or intentional learning as opposed to informal or discrete learning. One could also say, it is

learning with a double contingency. On the one hand, it is more or less strictly conditioned by the organisation's purposes and economic constraints as well as by its present structure and state of development, but on the other hand, it is learning in order to become a learning organisation. Both conditions must be given to be successful. A learning organisation which is not economically viable is a 'clever zombie'.

A learning organisation, can thus be described as a processing structure determined by purposes, rules and values, which conceives itself as improvable. It wants and enables its members to learn with this end in mind and considers this capacity of learning for improvement as a necessary characteristic of survival. To avoid misunderstanding, it might be helpful to state once more that this capacity is considered a necessary organisational characteristic for survival in turbulent economic conditions, but it is by no means sufficient to warrant economic success. For example, if you need money for investment and the banks do not offer you credit, for whatever reason, the most elegant learning organisation will go bankrupt or be taken over.

3.3. What is organisational learning?

Now that we can assume to know that organisations can learn, the question arises of what learning, especially organisational learning is. First of all, what is learning? Here the educational sciences offer more helpful contributions than most organisational developers like Senge and Argyris and their disciples whose argument basically follows a simple route: when organisations change, somebody must have learned something. Intentional changes, i.e. processes of organisational development are taken for the learning process. This is the critical point which is also made by Nonaka and Takeuchi, 1997).

For example, Fatzer (1996), a Swiss organisation developer and follower of the MIT school of learning organisation, argues (against Geissler, see below) that a learning organisation is defined by normative elements that offer assistance to overcome in-built obstacles to learning for individuals as well as for organisations. For him a learning organisation and organisational learning are clearly just two faces of the same process. Learning thus means the process of transformation of an organisation (plainly speaking: organisation design and development) towards a higher degree of self-reflection.

Hence, it is in the organisation developers' (and therefore also my) interest to describe the scope of learning. This is what happens with the three forms of learning adopted by Argyris and Schön (1978) from Bateson described as

58

single-loop, double-loop and deutero learning. As descriptors of types of learning processes, these categories are useful qualitative indicators; as such, they will be taken up again in the section on learning process. However, they are neither definitions of learning nor do they define the purpose of learning. What they offer is a theory of a learning organisation, but not, or only marginally, one of organisational learning.

Harald Geissler is one of the German authors from the educational side of the debate who have most influenced the progress from reflecting on 'learning in organisations' to considering the 'learning of organisations' (1991, p.79). He has a major concern about who is 'the subject of learning' (1996b: p. 329) and comes to the conclusion that 'learning like working is an individual as well as a collective process' (1996a, p. 267) which must be seen as 'one complex context' (1991: p. 82). He defines learning as a 'change in the control potential':

(a) of the individual, seen as a learning process in the individual, referring to the learning of new knowledge or methods or forms of relating old and new sets of knowledge or methods;
(b) of the individual as related to its organisational environment, the individual within a learning process, within groups or whole organisations where the learning of groups or organisations takes place or may be initiated;
(c) of formal or informal groups within an organisation in both ways which are characteristic for individuals, i.e. with double contingency, internal and external, or, in the terms of the system theory, referential or self-referential;
(d) of organisations, as the culmination of organisational learning, again understood as an internally and externally related process, to society, market etc., (1996a: p. 275).

Organisational learning is considered by Geissler to be a change of an organisation's control potential implemented within a complex context of collective and individual learning processes. But contrary to what one might expect, Geissler sticks to the view that an organisation always learns exclusively through individual learning. The organisation might facilitate or hinder the individual learning process just as well as learning individuals may meet more or less good conditions of making the organisation learn. So what Geissler offers is an organisational learning theory with the problem that it is only marginally a learning organisation theory.

Sattelberger (1991a) tries to bridge the gap between these two different approaches by focussing on the process of organisational change, development or transformation as a cultural process of learning to reconcile

strategy and structure. For him the central questions are who learns, how and with what objectives? The overall objective of learning, he states, is to stay or become capable of surviving under changing or unstable environmental conditions by intentionally transforming the ability of the organisation to face the future successfully.

He takes up the definition of learning as a change in the control potential especially in relation to the organisation's potential of controlling future challenges, which may or may not be known in the present. This overall objective is translated into three immediate learning objectives (p. 13):

(a) responsiveness to the needs of the respective target groups (customers, suppliers, investors, the public, employees, stakeholders of whatever kind);
(b) 'learnability', the ability to apprehend additional valid knowledge about oneself and one's natural and social/societal environment;
(c) competence defined as ability to act, with the aim of satisfying given and perceived needs.

In this context, the traditional debate whether 'structure follows strategy' (Mintzberg) or the other way round becomes superfluous. Organisational change of whatever kind is seen as a learning process embedded in an organisational culture of change (p. 35) directed towards making innovation, markets and customers, and empowerment of the employees' key organisational resources.

According to Sattelberger there are five distinguishable forms of organisational learning, (1991a: p. 15):

(a) the learning of an elite or dominating coalition, e.g. top management, given the fact that learning and power are intimately related and that the learning of the powerful stands the best chance of having real influence in organisational decision-making processes;
(b) the learning of other subcultures, e.g. political alliances, functional units, specific levels or parts of management, innovative groups;
(c) fundamental knowledge shared by all members of the organisation such as organisational maps, shared frames of reference, so-called communities of practice and assumptions;
(d) the change of the organisation itself by transferring or translating learning experiences into organisational standard procedures, norms, values, strategies, artefacts, systems, structures, programmes or rules which come into effect independently of the memory of the members of the organisation;
(e) the use, change or development of the organisation's knowledge base, i.e. of the whole amount of knowledge available in the organisation.

Sattelberger (1991a) and the other authors in his book develop a framework of strategic concepts of how to achieve and implement a learning organisation. One clear problem with all of the contributions is that they all talk about large enterprises, which, at least from an SME point of view, proves to be a serious (mostly top-down structured) bias in many mainly instrumental aspects. Sattelberger was the head of the central training unit of Deutsche Aerospace AG when he edited the book. Presently he is the Personnel Manager of Lufthansa. The strategies exposed imply material and personnel resources that small companies do not have. Nevertheless, the basic concepts are valid and useful. But in order to be useful for any type of organisation, the strategic concept as well as the tool kit must be reduced to a handy set of characteristics, requirements and (hopefully) self-explaining grassroots tools.

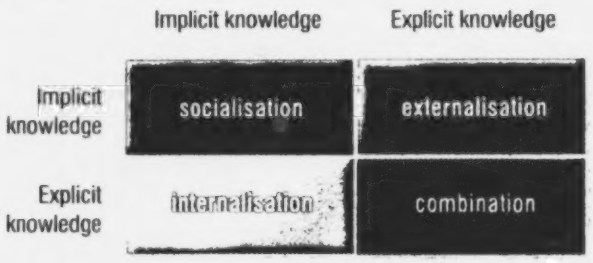
3.2.1. **Knowledge or competence?**

An even heavier large-company bias seems to be contained in Nonaka and Takeuchi's writings on knowledge management (1997). In the Western tradition, according to these authors, knowledge is something fundamentally opposed to experience; in contrast, the Japanese tradition comprehends knowledge as a unity of both. They make the assumption that Japanese companies are more innovative than Western ones due to the fact that they use strategies that mobilise explicit knowledge *and* implicit knowledge (experience) to create organisational know-how. But beside the fact that all their examples refer to single product innovation processes, which by no means can stand for complex survival strategies of companies, the whole argument is based on one single premise defined *ex cathedra*: knowledge by definition is 'to know in order to do'. On the basis of this undeveloped definition, Japanese knowledge-creation strategies are proposed as more complete than Western ones and therefore lead to better innovation. Since the Western philosophic concept of knowledge, according to Nonaka and Takeuchi, does not embrace the practical notion of experience, innovation is more facilitated by the Japanese tradition.

The contemporary European debate on qualification versus competence has made perfectly clear that knowledge is necessary, but not enough, in order to do. Nonaka and Takeuchi's unexplained premise is based on another implicit assumption telling us that human knowledge can be something separate from human beings or organisations and their ability to apply it. It is the same misleading argument as the one of organisation being something objective as opposed to the people who are in it instead of people being it. Depending on which perspective you are taking, they are or they are not. The same applies to knowledge. It can be seen as an ability of human beings that

is often manifest in a qualification 'which is what I have been certified to have learned'. Or it can be competence composed by technical, methodical and social competence, which is 'what I can decide, do and learn', and which comprehends knowledge and experience. Competence is the control potential in Geissler's and Sattelberger's organisational learning and learning organisation approach.

Figure 2. **Knowledge creation according to Nonaka and Takeuchi**



But Nonaka and Takeuchi's main concern is not knowledge as such but the creation of organisational knowledge by bridging the gap between implicit and explicit knowledge (see Figure 2). Their very helpful ideas and theories-in-use of how implicit and explicit knowledge can be crossed and matched and what are the outcomes of it would be more easily applicable if they distinguished between knowledge and competence.

According to Nonaka and Takeuchi, the implementation of a knowledge creation spiral in an organisation is linked to the five following conditions: intention, autonomy, fluctuation and creative chaos, redundancy, and necessary variety. At last, they make clear that their thinking, although directed towards knowledge creation, remains broadly within the boundaries of knowledge management. They define their knowledge creation spiral primarily in terms of resources and their enhancement. But what we need is a theoretical understanding of a competence creation spiral understood as a learning process.

Learning, according to Geissler, was defined as a change in the control potential. But this definition does not actually describe the process of learning, it denotes the objective. In terms of organisation learning, it leaves the direction of learning open. Organisational learning, we accepted with Sattelberger, is purposeful, intentional learning in order 'to stay or become capable of surviving under changing or unstable environmental conditions by transforming intentionally the ability of the organisation to face the future successfully'. Learning, thus, is oriented towards the improvement of an

BEST COPY AVAILABLE

individual's or organisation's control competence. In more general terms, and adopting an approach of radical constructivism (see Arnold and Schüssler, 1998; Arnol,d 1999; Von Glasersfeld, 1998, Chapters 8 and 10), we define learning itself as a process of construction or re-construction of reality, in other words, as a theoretical and practical process of appropriation oriented to enhance personal mastery (as Senge would call it) or an organisation's competence to cope with known or unknown future challenges.

3.4. A learning organisation theory

On the basis of these considerations, we can proceed now to construct our theoretical building of learning organisations simultaneously in terms of strategy and structure, both as an objective or result and as the cultural way or process of achieving it. Each of the following six characteristics of a learning organisation can be cross-checked against each other as the matrix in the introduction suggests (see Figure 1). It is this self-referential contingency of aims and ways to meet them that provides the analytical and strategic set of criteria that will also permit us to examine the validity of tools and instruments deployed in the implementation and development of learning organisations. It will soon become obvious that it is a cyclical, discourse-based total quality approach.

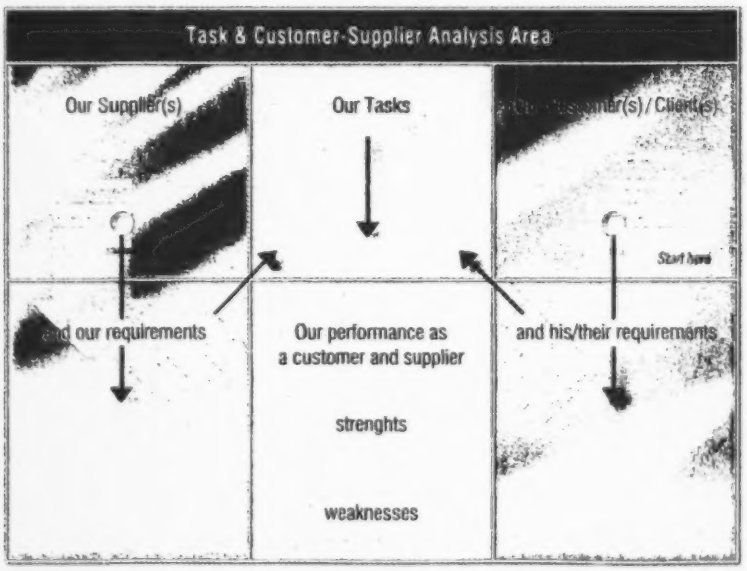
3.4.1. **Customer orientation process**

There is no sense in inducing any sort of change in an organisation without clarifying the questions for whom it is good or better and in which aspect it is good or better for whom. Each organisation has at least four satisfactions to pursue. In a slightly more differentiated model one might consider even five stakeholders: investors (of capital, time, interest), external customers, the employees, partners, i.e. suppliers of parts, services or necessary information, as well as the societal and the natural environments (see Figure 3). The actual task of management consists in optimising the organisation in the joint pursuit of satisfying the expectations of these five stakeholders by developing it to become what I call a community of performance. This mind map is a tool that I regularly use in companies for exploring the immediate advantage envisaged by a specific change of the organisation; it also serves to check the fit of individual solutions or targets with strategic orientations or additionally to examine the strategic orientations themselves. For strategic purposes, it can be developed along the line of a 'balanced score card' devised originally by Kaplan/Norton (1997).

Figure 3. **The five satisfactions**

Another very simple tool from my personnel and organisation development tool kit (Franz, 1999a) seeks to analyse the specific task or objective of a change or problem-solving process (see Figure 4). Each change is an intended solution to a perceived problem or set of problems. This suggests a systematic interrogative approach that answers two basic questions of quality management: 'are we doing the right thing?' and 'are we doing it right?'. After identifying the specific (external or internal) 'customers' in the customer-supply chain(s) of a solution, each customer's requirements in this specific concern is checked. In a second step, the requirements which must be fulfilled by the (external or internal) suppliers in this specific chain are identified.

Figure 4. **Task and customer – supplier analysis area**



BEST COPY AVAILABLE

Then, in a third step, you can define the problem, identify the solution better and analyse its strengths and weaknesses repeating the same circle of questions, eventually leading to an improvement spiral. Applied to 'jobs', i.e. specific activities in a workflow, this tool helps to analyse tasks of individuals or teams and, deployed in the context of a complete business process, it allows a reorganisation (re-engineering) of the whole process including the examination of all interfaces with neighbouring sections or activities.

3.4.2. **Improvement process**

Each change or problem-solving process is initiated with the intention of making it better. Why go for change if it is not for the better? The development of a learning organisation, therefore, is at the very least an improvement process. Improvement is a change of the degree of quality that is better than before. The only meaningful measure of before-after difference to this is the intention of those who have induced or suffered this process. This is not only true for organisation development, it is especially true for intentional learning. Learning in an organisational context is, by definition, the endeavour of improving one's control potential or competence. Learning is an improvement process. It is true what was said about working well: one must be able, want and be allowed to and so it is with learning. It is of utmost importance to stress that learning is not only the result of teaching. In fact, (certain ways of) teaching sometimes might even be an obstacle to learning.

Thus, what has been learned is the result of an effort by the teacher *and* the learner. In many cases of organisational learning there is no teacher. Hence, learning is not only improvement it is also self-improvement. A learning organisation is a self-improving organism. Initiating, organising and keeping improvement and self-improvement going becomes a crucial task of management. The task is not fulfilled by seeing it just as an improvement process, it must also be shaped and managed. Improvement (like politics and management) is not just the art of doing the possible as Sir Karl Popper would formulate it. As I define it, it is the art of making the necessary possible.

3.4.2.1. *A basic theory of quality*

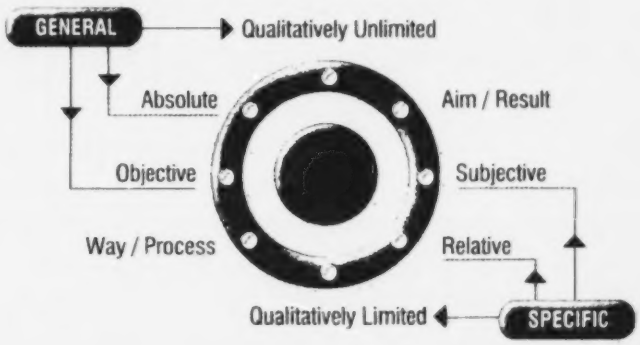
Improvement is a change in the degree of quality. We have been using quality concepts like customer orientation, improvement and TQM without trying to explain what quality is. Nearly all authors avoid this explanation, preferring specific, individual product or service-related definitions. But for organisation development and consulting purposes it is of vital importance that all persons involved have a common understanding (Ein Verständnis I call it in Germán) of what quality is. The shortest possible definition is:

xS + yP = nQ. Quality is the intersecting quantity of satisfaction and perfection (see Figure 5).

Figure 5. **Definition of quality**

Quality itself can only be defined as the perceivable essence of things (products), actions (performance) and impacts (e.g. satisfaction). It is their perceived property. As it depends on individual perception, it is objective as well as subjective which means that each perspective on a specific quality item is dependent on the interests and expectations of the perceiver. Thus, quality of organisation is by no means the basis of harmonious community concepts, as my 'community of performance' and 'community of practice' might suggest. Quality is the object of struggle (see Figure 6).

Figure 6. **The quality wheel**



As such it might have (objectively or conventionally) absolute dimensions, but it is definitely also relative to 'my' interests and expectations, hence it is the result of a social definition process. Quality is, like money, a universal currency, unlimited in qualitative terms, limited in terms of quantity. Quality is a perceived or defined property of an aim or result and of the process of achieving it, a social relationship, and a universal principle. Just as much as a wheel, it is a moveable target (see Figure 6). More than a 'fact' (in Latin: what has been made), quality, like truth, is an attitude. It is an attitude for

BEST COPY AVAILABLE

individuals and a culture for organisations, concerning all dimensions of an organisation, namely its potential (people, technology, material), its process, and its performance (products, services, economic viability).

Quality is locked to the concept of commodity, but primarily to its use value. The same applies to the production of commodities. Thus, in a company it is not sufficient to look at the production processes; without looking at the working processes you will not understand very much about the organisation. It is of crucial importance to understand that quality is a market concept based on the freedom of decision and the equality of conditions. Quality is a contract. This explains why it is a concept based on democratic and participative elements that are opposed to undemocratic structures of dominance and power.

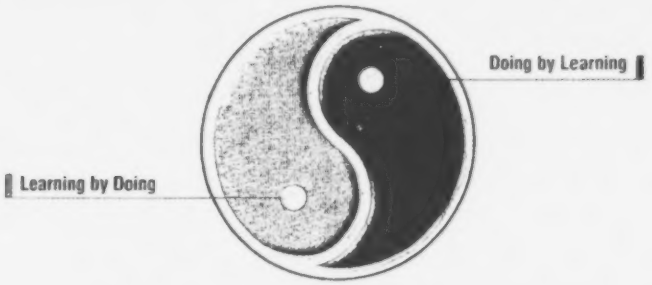
With Gramsci and Foucault, I would define quality as a discourse-oriented hegemonial concept. It requires one to perceive not only one's own but also the quality concepts of others in order to be able to put forward a strategy in which your own concept can be developed. Thus, the social contract relationships inside a company can be defined as a double customer-supplier chain. Investors supply capital to management. Management supplies working conditions and wages to the workers. The workers supply competence and performance to management. Management supplies profits to the investors. So everybody is supplier and customer. Of course, a real company is far more complicated. I have cut out external customers (the market) who are the real employers. And there are many such chains. Talking about chains is just an analytical simplification. A company is a multi-layered system of horizontal and vertical customer-supplier chain networks of varying importance and intensity. (For a more extended view of quality, see Franz 1994b, 1999b and 1999c.)

But the essence of these considerations is that quality is a concept based on interest, (hence perspective or standpoint) and competence (knowledge and experience), only measurable in relative terms of satisfaction and perfection. A learning organisation is a system of improvement and self-improvement (enhancement of competence) of individuals, groups, and the whole organisation, including their formal and informal purposes, structures, rules and values. That improvement and self-improvement is directed towards achieving purposefully defined aims via a community of performance. Since quality is a universal principle it has far-reaching implications that apply to organisations as well as to the learning process.

3.4.3. **Learning process**

The only original innovation of learning organisation thinking is to conceive organisation as a way of learning and hence the development of an organisation as a learning process. Consequently one derives from this the requirement that shaping organisational development is a learning process that embeds learnability within an organisation. As we have seen at the beginning, this is also the most difficult part to conceive and, hence, to shape.

Figure 7. **A twofold learning strategy**



Learning is defined as the process of reconstructing reality virtually. Organisational development is defined as the process of reconstructing reality practically. As learning is an improvement and self-improvement process, on the one hand, and an appropriation process of constructing or reconstructing a new reality, on the other hand, it implies a twofold learning strategy. This can be restated in the formula: learning by doing must be completed through doing by learning (see Figure 7). In terms of organisational learning we can only admit that the organisation has learned something when at least the second loop has been performed, i.e. groups of people must have a concept of how they have achieved this. They must be able to reproduce this process, in other words, they must have learned how they have learned.

Therefore, virtual and real managers of change, development or transformation (Sattelberger's three scopes of change) must possess an understanding of learning that allows them to shape learning processes. The process of learning must be shaped in a way that makes it as easy as possible for the learners to understand how they are learning and can contribute to the advancement of this process. There can be no doubt that this is easier for them when they do not only want to learn what they are supposed to learn, but also know how the way of learning is organised. In fact, it is the only way of achieving a higher degree of self-reflection and sustainability.

Competence development is deciding, doing and learning better. But how can we transform competence into knowledge and knowledge into

competence. Nonaka and Takeuchi's approach is interesting but rather complicated to understand. So I have tried to develop a simpler tool that can be used for any problem solving or improvement and learning process.

In order to help my customers, I equip them with a very simple learning theory developed into a tool that not only facilitates the planning and shaping of effective and efficient learning processes but also enables clients to evaluate what has been achieved. It is based on a definition of four learning stages (adopted from O'Connor and Seymour (1996); see the left column of the matrix in Figure 8) and my translation into everyday language (centre column). The right column provides an interrogative strategy of mobilising competence that Glasersfeld (1998) would call a process of 're-presentation', of making existing but unconscious competence present again.

Driving a car may be a good example of how it works, analytically as well as for the shaping of learning processes:

(1) Being a baby or an indigenous inhabitant of the Amazon jungle, I don't know cars and, logically I don't know that I don't know how to drive a car;
(2) Once I know that there are cars that I could use, but I have not learned to drive, I know that I don't know how to drive a car;
(3) Now I have had my driver's lessons and passed the exam, I know how to drive a car, but I must concentrate on doing all the different things very carefully;
(4) After years of driving I do a lot of things at the same time; e.g. perceiving the traffic situation on the road, the changing streetlight, steering, braking, clutching, changing gear, listening to the radio, talk with my friend, maybe smoke etc., without being conscious of how complex the situation and my activities are.

Figure 8. **Four stages of learning**

1. unconscious incompetence	I don't know, what I don't know	What do we know?
2. conscious incompetence	I know, what I don't know	What do we not know?
3. conscious competence	I know, what I know	What do we need to know?
4. unconscious competence	I don't know, what I know	Where and how did we acquire our competence?

Practically every situation in life can be constructed and reconstructed in these four stages as a process of new learning, relearning or unlearning. Sticking to the example of car driving: when I have to drive a car in Great Britain for the first time, all my routines as a driver from the European continent are reduced from level 4 to level 3. An elderly person might even fall back on level 2. The same might happen to a company whose environmental conditions have changed considerably, for instance because of market conditions due to globalisation, because of the imposition of new standards or just by being taken over by a larger firm.

Large parts of learning in organisations must start by making conscious again (re-presenting) what we know or think we know. It is not only a way of mobilising the existing competence, it may also show, together with the customer-orientation tools, that requirements have changed and our competence or parts of it are no longer consistent with new requirements. But the most important effect is that it helps to make people participate actively in learning and problem-solving by showing that together they know more about the problem and the ways of solving it than any individual. Intentional learning becomes intimately entwined with experimental and experience-based learning.

The four-questions-pattern (of the right column) is a simple way of leading them to this point; at the same time it is a method which they can use easily without a helper. Methods of visualising this process (metaplan techniques, mind-mapping, fishbone diagrams, etc.) are of utmost importance for this process. Starting with the customer orientation, the new competence can be built up, then the advantages of the new competence can be made clear (improvement), and the way that this has been achieved (learning process) can be described as a systematic method. The same applies to the three further elements – participation, decision-making, appropriation, which I want to take up now.

3.4.4. **Participation process**

Quality is a moveable target. A target can move for two reasons: because the target has changed one or some of its components or its position, or because the perceiver has moved or changed his position. Any change requires a re-presentation of the target from each of the different positions from which it is perceived. As we have seen in the customer orientation section, all learners of an improvement process are customers and suppliers who want to see their part of the definition of quality respected in order to be able to work well.

Nevertheless, we live in times of quality-based markets, and you can be forced to work, but you cannot be forced to work well. If any of the other

individual positions are not respected, or are harmed, before long they will have negative consequences for the two main targets of an economic organisation: achieving sufficient yields for an extended reproduction by fulfilling the specific purpose (production, service) of the organisation. Therefore, it is very important that all customers and suppliers of quality position themselves with reference to the specific subject on the agenda. The decisive point about this is that each stakeholder can perceive his or her special requirements and contributions to the definition and the production of quality.

This is what I call participation. All those who are affected by a problem or its solution must be involved in a way that respects their interests and responsibilities. This implies a non-hierarchical approach to improvement and learning processes. Problem-solving processes must be organised in a way that gives each contributor his/her special right, since it is based on a specific experience and view of the problem. The same applies to learning. The apparently clear-cut roles of teachers and learners get blurred in the process of a common learning process where everybody feeds in his/her special experience and questions.

This approach implies a discourse-oriented and decentralised concept of quality and improvement responsibility for the organisation as well as for learning, the more so, if it wants to become a learning organisation. We have seen that learning is a process of improvement and self-improvement where the learner-customer is a coproducer of learning quality. Hence learning processes must be organised through participative and cooperative processes of construction and reconstruction of competence. A friend of mine, a retired labour director and a living legend in the German steel industry, Alfred Heese (1992), used to say: 'Participation is not everything, but without participation everything is nothing.'

3.4.5. **Decision-making process**

This means that it is not enough to ask people's opinions. Participation without consequences is not participation. If quality is understood as a contract that comes into existence under conditions of free will and equality, each of the contracting parties must be able to say 'no'. We know that these conditions do not always exist, and very often there are even good reasons why they do not exist at the moment. But there is no way to achieve a learning organisation when they never exist. A learning organisation on the basis of compulsion or even force and inequality, of fear and structural disadvantage is unthinkable and impossible. Therefore, the most important requirement of participative processes of learning and improving customer

orientation is transparency. Whenever people within a participative process have come to a conclusion, this conclusion must become reality as soon as possible, unless there are very good reasons why not. Everything else will lead to deception and hinder the implementation of other decisions that have been taken. The English concept of empowerment means exactly this: participation in order to take decisions for the realisation of what has been decided.

Transparency is a tricky thing. It is accepted and works only under conditions of trust. Transparency means control. Control is only accepted as control of processes, not as control of persons. Nevertheless, data and facts controlling processes are always data and facts about people. Therefore, transparency must be embedded in a culture of improvement. It means not to ask who is to blame but how to make it better. Control is good but trust is better. Trust needs transparency.

Transparency is also an indispensable precondition of learning about a problem, how an organisation works or what the implications of certain decisions are. Improvement needs transparency and openness. But the softest fact, in the long run, becomes the hardest. Transparency is the necessary precondition of voluntary and responsible cooperation. There is no free will without good information. Transparency is the enemy of frustration. Frustrated people know that they have to work, but do they work well?

3.4.6. **Appropriation process**

Whatever I have learned or changed or improved, at the end I must be satisfied with the result. Evaluating it against my own and customer orientation requirements will tell me what I have achieved, i.e. improved. It may not be perfect but as perfect as possible. And I must have the hope or prospect of being able to make it even better the next time. Only then will I make the decision and help, with all my improved competence, to implement and perform what we have learned together. This is part of what responsibility means.

But responsibility means more. It means being able to respond to questions that I have accepted to be asked or which I have asked myself. People who do not ask do not want to see problems or to make themselves responsible for solving them. Sattelberger calls this qualitative ability of responding to needs and requirements of customer responsiveness. However, responsiveness is only the aim and result of process, a perceived property of an attitude or culture, it is not a process category itself. Therefore, I prefer the term appropriation, which embraces the result and the process of learning and of taking decisions about how to make it better.

For the same reason I do not call it ownership, which is a current term in British management debates on TQM. Ownership means that workers learn to be owners without being owners. But even when they have learned once more what they knew before, namely that they are not owners of the production process in the formal sense of the word, they have learned an important thing, too. The important thing is that they learn to be owners of their work and work process. To want to work well means to feel responsible for what we have done. In other words, I will be proud of our work and my contribution to the common performance.

Trade unionists and socialists are often very suspicious of TQM concepts. The community of performance does not dispense with conflict. On the contrary, it sharpens the view of reality, the distinction between formal ownership of the means of production and the no less real ownership of the work process. But it also aims to make people fit to become real owners in the formal sense. They learn how to construct and reconstruct, individually and collectively, a new reality and to become competent owners of their own problem solutions. What is more important, they become managers of their own problem-solving processes. He who wants to become an owner must enhance his control potential. Without the potential of control, i.e. the competence of deciding, doing and learning what is necessary in order to survive under changing conditions, it would not make sense to expropriate anybody, because the new formal owners would not be able to appropriate, i.e. to make themselves responsible for the organisation they have taken over. Whatever socialism or communism may be, it will have to breathe the quality of freedom and democracy. And it will only be a free and democratic society, i.e. a society free of personal or party dictatorship, when companies are learning organisations and the state regards itself as a manager of an open, learning civil society. Thus, 'class warriors' as well as simple defenders of employment may both perceive the way to a learning organisation as the ideal preparation for a real take-over of ownership. A learning organisation is a cooperative organisation. How big is the step from a cooperative organisation to 'a cooperative'? What is a cooperative, if not a community of performance based on formal ownership and a culture that can be summarised by the phrase – control is good, trust is better.

73

3.5. References

Argyris; Ch.; Schön, D.A. Organizational learning: a theory of action perspective. Reading: Addison-Wesley, 1978.

Arnold, R. Die ermöglichungsdidaktische Wende in der Berufsbildung. Anmerkungen zur Integration von erfahrungsorientiertem und intentionalem Lernen. *Berufsbildung* 1999, No. 57, p. 2.

Arnold, R.; Schüßler, I. *Wandel der Lernkulturen: Ideen und Bausteine für ein lebendiges Lernen.* Darmstad: 1998.

Franz, H.W.; Lichte, R. *Qualified for quality. Study of the vocational training requirements in the European iron and steel industry.* Ed. by the Commission of the European Communities, Brussels/Luxembourg: 1991.

Franz, H.W. *Manual: Social crisis management in the coal and steel industries: European models and experiences.* Ed. by the Commission of the European Union, with a foreword by Padraig Flynn. Brussels/Luxembourg: 1994a.

Franz, H.W. 'Qualität - strategische Option und neues Paradigma'. *In*: Krahn, K.; Peter, G.; Skrotzki, R. (eds). Immer auf den Punkt. Beiträge zur *Arbeitsforschung, Arbeitsgestaltung, Arbeitspolitik - Willi Pöhler zum 60.* Dortmund: Geburtstag, 1994b, pp.179-199.

Franz, H.W.; Geisler, G. (eds.). Qualified for quality. Papers of the *European Steel Conference* 1995, Brussels: Dortmund, 26 and 27 April 1995.

Franz, H.W. 'Do it right the first time – quality as a crucial change agent in the European steel industry'. *International Journal of Human Factors in Manufacturing.* New York: 1995b, Vol. 5, No 2, pp. 211-224.

Franz, H.W. Qualitätsarbeit braucht Arbeitsqualität. Handbuch Einführung von Qualitätsgewährleistung und Gruppenarbeit in einem Zuge. *In*: Landesinstitut Sozialforschungsstelle Dortmund. Reihe: *Beiträge aus der Forschung* Bd. Dortmund: 1998, p. 105.

Franz, H.W. NPO – Nachhaltige Personal- und Organisationsentwicklung. Ein Lernzeug. *In:* Landesinstitut Sozialforschungsstelle Dortmund. Series: *Beiträge aus der Forschung* Bd. Dortmund: 1999a, p. 110.

Franz, H.W. Wie lernen Organisationen, wie Organisationen lernen? *Sozialwissenschaften und Berufspraxis.* 1999, p. 4.

Franz, H.W. *Integriertes Qualitätsmanagement (IQM) in der Weiterbildung. EFQM und DIN ISO 9001.* Modell, Instrumente, Fallstudie: Bielefeld, 1999c.

Geissler, H. Vom Lernen in der Organisation zum Lernen der Organisation. *In*: Sattelberger, T. *Die lernende Organisation - Konzepte für eine neue Qualität der Unternehmensentwicklung.* Wiesbaden: 1991, pp. 79-96.

Geissler, H. Die Organisation als lernendes Subjekt - Vorüberlegungen zu einer Bildungstheorie der Organisation. *In*: *idem (ed.): Arbeit, Lernen und Organisation - Ein Handbuch*, Weinheim: 1996a, pp. 253-282.

Geissler, H. Organisationslernen und die Frage nach dem Subjekt des Lernens. *In*: Diepold, P. (ed.): *Berufliche Aus- und Weiterbildung, Nürnberg: BeitrAB 195 und Beiträge zur Berufsbildungsforschung der AG BFN.* 1996b, No. 2, pp. 329-335.

Geissler, K.-H.; Orthey, F.M. Schwindelige Etiketten – von der 'lernenden Organisation'. *Berufsbildung,* 1996, No 39, p. 2 (introduction).

Glasersfeld von, E. *Von radikaler Konstruktivismus: Ideen, Ergebnisse, Probleme.* Frankfurt/Main Radical Constructivism, London: A Way of Knowing and Learning, 1998.

Heese, A. Arbeitspolitik als unternehmerische Aufgabe. *Arbeit: Zeitschrift für Arbeitsforschung, Arbeitsgestaltung und Arbeitspolitik*, 1992, No 1, pp. 80-92.

Kaplan, R.S.; Norton, D.P. *Balanced score card. Strategien erfolgreich umsetzen.* Stuttgart: 1997.

Nonaka, I; Takeuchi, H. *Die Organisation des Wissens. Wie japanische Unternehmen eine brachliegende.* Frankfurt/New York: Ressource nutzbar machen, 1997.

O'Connor, J.; Seymour, J. *Neurolinguistisches Programmieren: Gelungene Kommunikation und persönliche Entfaltung*, 6. ext. and rev. ed., Freiburg, 1996.

Sattelberger, Th. Die lernende Organisation im Spannungsfeld von Strategie, Struktur und Kultur. *In*: Sattelberger, Th.: *Die lernende Organisation - Konzepte für eine neue Qualität der Unternehmensentwicklung.* Wiesbaden, 1991a, pp. 11-56.

Sattelberger, Th. (ed.) *Die lernende Organisation - Konzepte für eine neue Qualität der Unternehmensentwicklung.* Wiesbaden, 1991b.

Senge, P. *Die fünfte Disziplin. Kunst und Praxis der lernenden Organisation.* Stuttgart, 1996.

Sorge, A.; Streeck, W. Industrial relations and technical change. The case for an extended perspective, Berlin: *WZB discussion papers IIM/LMP*, 1987.

Stahl, T.; Nyhan, B.; D'Aloja, P. *Die lernende Organisation: eine Vision der Entwicklung der Humanressourcen,* ed. by the Commission of the European Communities, Brussels: Task Force Human Resources/Eurotecnet, 1993.

Witthaus, U.; Wittwer, W. Lernende Organisationen – Herausforderung für die betriebliche Bildung. *Berufsbildung*, 1996, No 39, pp. 3-7.

CHAPTER 4

Competing perspectives on workplace learning and the learning organisation

Alan Brown, Ewart Keep

4.1. Introduction

Commentaries upon the need for learning organisations (LOs) are often decontextualised accounts of how organisations should operate. They are often written as if they represent a single template of what organisations need to become. There seems little evidence in such accounts of critical reflexivity, so here we will highlight competing perspectives on aspects of workplace learning and learning organisations, as applied to the UK context. The intention is consonant with the view that human agency is important and that we need to build multiple visions of what might be, rather than accepting a single view of the shape of work in future.

The argument presented here starts with the question as to whether the future patterns of learning and workplace organisation are pre-determined. We argue that there is scope for strategic choice in forms of workplace organisation and patterns of learning in organisations, and that research can inform that debate. However, there is a multiplicity of views from researchers too, with distinct differences often dependent upon whether researchers approach these issues from a management studies or social science background. Literature on the concept of the learning organisation has emerged mainly from within business schools, and has been driven chiefly by those with an interest in organisational development, although Scarbrough et al. (1999) show that interest in the learning organisation appears to have waned since the mid-1990s.

If the focus is shifted from systemic ideas of the learning organisation to learning at work, then social scientists are more likely to be involved and the role of learners as human actors is more likely to be emphasised. However, there are competing perspectives here too, and the old adult education perspective of adult learning as having a possible transformative role (Brookfield, 1986) in giving individuals greater potential to shape aspects of

their lives was sometimes in danger of being buried in a deluge of functional rhetoric.

From the above it is clear that the relationship between workplace organisation, organisational goals, and patterns of working and learning may vary considerably between companies. Similarly debates about the learning organisation, and the learning society or knowledge economy, should go beyond suggesting that there is a simple positive linkage between investment in education and training and the boosting of stocks of human capital, and resultant economic performance.

We illustrate a range of perspectives on the learning organisation, and how there are dangers that ideas about learning organisations may narrow the focus of education and training and lifelong learning to concerns with the skills required for work. However, the learning organisation debate does at least acknowledge the centrality of learning, and is at least broader than the even more narrow approach of the development of competence for current work patterns. Perhaps a move towards giving greater attention to 'learning networks', rather than 'learning organisations', would sharpen this focus still further.

4.2. Determinism or strategic choice in relation to forms of workplace organisation

A key question on the future of learning in organisations is whether you believe that future patterns of learning and workplace organisation are predetermined. The overview of international thinking and research on workplace learning undertaken by the Tavistock Institute for the Institute for Personnel and Development (IPD) (Sommerlad and Stern, 1998) emphasises the complexity of issues of workplace learning. They 'take issue with the largely deterministic stance that pervades much literature. Work organisation and skills are not, as they assert, determined in a linear fashion by particular technology or market conditions. Options are available and strategic choices can be made' (Sommerlad and Stern, 1998: p. 14).

The rhetoric of the learning organisation is predicated upon assumptions about changes in the nature of work and the demand for skills, probably as outlined in the European Commission's green paper on workplace organisation (European Commission, 1997) or the OECD's vision of the 'high performance workplace' (OECD, 1996; OECD/Government of Canada, 1997). Within this paradigm, higher skills are only a means to an end. If they are to improve economic performance they have to change the way we work

and alter the way organisations are structured and choose to compete. Management gurus and policy advisors have insisted that higher levels of skill within the workforce are an essential prerequisite for the adoption of a new high performance mode of working within learning organisations. Instead of mass producing a narrow range of highly standardised goods and services, firms will wish to customise their products to meet the demands of individual consumers. Moreover, competition will increasingly be on the basis of quality, with higher value-added goods and services representing the only way in which the developed world can cope with competition from lower wage economies (Drucker, 1990).

This new model has a number of implications for skills and work organisation, with flatter, non-hierarchical, often networked forms of organisation becoming more widespread. Workers will need to work more autonomously, monitor their own output, adapt to change, solve problems, take initiatives, and think creatively in order to perform more effectively. As a consequence, workers will not only have to be more highly skilled, they will also have to have the intellectual resources to engage in lifelong learning in order to meet the ever-changing needs of more dynamic product and labour markets. Relations between managers and their staff will be based on high levels of trust, communication and involvement will be relatively intensive, and team working will be the norm (Hayes, 1992). Guile and Fonda (1998) in a study of the work organisation, performance management and skill usage of a group of leading edge UK organisations concluded that the strategic imperative for management is to 'develop new modes of behaviour amongst employees that emphasise collaboration, self-management and accepting responsibility for outcomes; create an organisational environment that enables employees to take initiative, to cooperate and to learn' (Guile and Fonda, 1998: p. 9).

As Regini (1995) suggests, the model of a high skills/high value added strategy is simply one of a number of viable models available to European firms and nation states. There are other, perhaps equally attractive routes to competitive advantage from which firms can choose, although this is an unwelcome message for policy makers. Far from a single, simple, universalistic movement towards higher value added and higher quality goods and services throughout the developed world, different companies, sectors and even countries are following a range of divergent trajectories. These alternatives include seeking protected markets, growth through take-over, seeking monopoly power, cost-cutting and new forms of Fordism.

Indeed recent events underline the continuing, perhaps growing, importance that is attached to merger and acquisition as a prime source of competitive

advantage. Sheer size and associated market dominance appear to hold considerable attractions for senior managers in sectors as diverse as pharmaceuticals, aerospace, car manufacturing, and banking. Also, neo-Fordism remains a powerful model of competitive advantage within the UK economy, especially within the service sector. In major UK retail chains, banks and insurance companies, managements compete to achieve the lowest possible cost base, seeing it as the key to achieving profitability from delivering a narrow range of standardised goods and services in markets which are primarily driven by price (Keep and Mayhew, 1998).

So a high skills route to competitive advantage may be a minority choice, as many UK firms rely upon cost-based competitive advantage and produce relatively low specification goods and services (Doyle, Saunders and Wong, 1992; Williams et al., 1990). Marginson (1994) reports that British-owned multi-nationals tend to be located in relatively low technology industries, and Ackroyd and Procter (1998), in their overview of large British manufacturing firms, suggest that UK presence in the high value-added manufacture of capital goods is weak and dwindling. They conclude that:

> 'British arrangements for manufacture at plant level do not depend on high levels of skill or high levels of investment...output is achieved in part by some reorganisation of machinery, but more significantly by a combination of a heavy dependency on the flexible use of relatively unskilled labour and a willingness to utilise external sources of production. The basic arrangement for manufacture is the use of standard technology by teams of self-regulated and formally-unskilled workers'.
>
> (Ackroyd and Procter, 1998: p. 171)

British managers are less likely to see a skilled workforce as a source of competitive advantage than their French and German counterparts (Coopers and Lybrand, 1995). Furthermore, the UK record on investment in R&D also hardly suggests the kind of product development strategies that would demand high skill levels across the economy. In 1996 just nine companies (in pharmaceuticals, aerospace and chemicals) accounted for one third of all UK private sector R&D (Department of Trade and Industry, 1997: 2), and the government judged the investment record of UK firms in R&D to be at world class levels only in the pharmaceuticals sector (*The Guardian*, 26 June 1997).

Keep and Mayhew (1998) argue that there may be good reasons why many UK firms continue to seek advantage through offering low specification, low price goods and services. One very powerful factor is the structure of domestic demand in the UK. The inequality of income distribution across the UK population means that there is a large proportion of the population who have little choice but to buy on the basis of price rather than quality. The more egalitarian income distribution found in Germany and the Scandinavian

countries makes it far easier for producers catering for the domestic market to envisage and embrace high value-added strategies and competition that centres around quality rather than price. There is a mass market for such goods and services, whereas in the UK the structure of income distribution and demand means that quality is often confined to a niche market.

The picture of competitive and product market strategy outlined above suggests that the revolutionary transformations being forecast may be some way off in many UK sectors and firms. The story of workplace organisation, the structuring of productive processes and people management systems reinforces this message and suggests that for many workers, perhaps the majority, the high performance workplace is a distant prospect. There has been a general assumption that 'the new forms of work organisation supposedly emerging are inevitable and universal in their application' (Industrial Relations Research Unit, 1997: p. 6). Unfortunately, this is not the case, rather 'these new forms of work organisation are very much a minority movement' (IRRU, 1997: p. 6).

Part of the cause of this misunderstanding of the trajectory of workplace change is a tendency on the part of commentators to generalise from the particular work organisation and management styles found in leading edge manufacturing plants and/or the IT sector (software houses, Silicon Valley). They assume that such management styles and structures will be applicable in very different settings and within the context of competitive and product market strategies that are still wedded to Fordism. Far from being the inevitable destiny of all organisations, the high skill, high participation, high performance workplace model may actually only be relevant within a limited sub-set of organisations, particularly when set within the wider context of the Anglo-Saxon variant of capitalism. Also it is difficult, in the UK context, to establish and maintain the kinds of high trust, high participation employee relations systems, that Streeck (1992, 1997) and Millward (1994) argue are another essential element of high skill productive strategies.

It can be argued that the above commentary underestimates the halting, but none the less real progress towards the high performance model to which policy makers aspire. This point has some merit. The picture that emerges from research is at best partial and it is extremely hard to disentangle the rhetoric with which managements clothe their competitive aspirations from the reality of what they actually choose to do. Everyone, or nearly everyone, now talks the language of quality (Keep and Mayhew, 1998). Overall though, research in this area tends to confirm that the high performance workplace looks set to remain the experience of the minority of the UK workforce for the foreseeable future.

4.3. Competing perspectives from researchers in social science and business schools

If there is scope for strategic choice in forms of workplace organisation and patterns of learning in organisations, then can research inform that debate? The answer is 'yes', but there is a multiplicity of views from researchers too. Indeed, one of the distinctive features of recent research in this area is its fragmentation, often along disciplinary fault lines. While educationalists and others have focused on workplace learning, researchers located within management disciplines and business schools have been interested in a group of three broadly inter-linked concepts. These focus upon the effects upon organisational performance of the knowledge worker, knowledge management, and the learning organisation. Unfortunately, the crossover between these different bodies of research has been limited. Some attempts, however, have been made to bridge the gap through consideration of the nature of work-related knowledge. Work-related knowledge develops and is applied within particular communities of practice, whose members develop ideas about how knowledge should be acquired, applied and shared (Attwell et al., 1997). Recently, ideas about the application of tacit knowledge in particular social contexts have been developed further in considering moves to create 'knowledge-creating companies' (Nonaka and Takeuchi, 1995). The model is based on the assumption that knowledge in organisations, especially in the most innovative enterprises, is created through the interaction between tacit and explicit knowledge, continuously 'converting' one into the other one. In this perspective, organisational knowledge creation is a spiral process, starting at the individual level and moving up through expanding 'communities of interaction' that crosses sectional, departmental, divisional, and organisational boundaries in the organisation (Attwell et al., 1997).

4.3.1. **Competing perspectives on the nature of learning organisations**

Literature on the concept of the learning organisation has emerged almost entirely from within schools of business and management, and has been driven chiefly by those with an interest in organisational development. Senge (1990) defines a learning organisation as one 'where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to learn together' (p.4). Unfortunately, in common with many other concepts that emerge from management disciplines, the literature on the learning organisation suffers from a surfeit of prescription, definitional argument and model building,

backed by a relatively small and tenuous body of analysis of the concept as it exists within real life organisations. The learning organisation is presented as either an idealised model (Jones and Hendry, 1992; 1994) where capitalist organisations are transformed into ethical communities, or as a toolkit of techniques, which if applied correctly by managers, will transform organisational performance and competitiveness (Pedlar et al., 1991).

There may be value, therefore, in problematising further the notion of the learning organisation. There are two possible drawbacks with focusing attention on learning organisations. The first relates to those organisations that style themselves learning organisations: how far is this another manifestation of a unitarist framework in which dominant values are represented as shared? The second is whether the emphasis upon companies as learning organisations serves to obscure the nature of experience of work in most companies.

On the first theme, Coopey (1994) highlights how the apolitical, unitarist framework underpinning ideas of a learning organisation can obscure the extent of political activity taking place within organisations in practice. Unitarist ideology is predicated upon rational activity in pursuit of managerial aims, within a climate of high trust, cooperation, shared goals and work being perceived as a central life interest for all.

On the second theme, the rhetoric of learning organisations is often coupled with changes to how individual careers are represented: Bridges (1995) and Handy (1989) argue that individuals will have 'portfolio' careers, where they need to participate in appropriate networks and develop their own career management skills. 'Classic' organisational career opportunities in large organisations have been substantially scaled back, but there is a need to challenge the implicit assumption that career choice, development and management was in the past a technically rational process. Such rational career development only ever applied to the minority of the population with stable 'careers'.

In practice, 'portfolio careers' and 'learning organisations' will both remain on the margins of actual experience of most people in the labour market. The immediate and medium-term outlook is for an increasing bifurcation in the skills required (and rewards offered) in the labour market (Lindley and Wilson, 1996). This means that we need to be aware of the 'gap' between the rhetoric and reality of 'learning organisations', and recognise that undue emphasis on developments within learning organisations could misdirect attention away from a slower, less glamorous but possibly more profound change caused by the increasing bifurcation of opportunities and rewards in the labour market. The implications of this are that attention, perhaps, needs

to be focused on how to get organisational commitment to facilitating learning opportunities for individuals throughout supply chains. A key question is how can 'learning organisations' engage with those outside the organisation to facilitate wider learning communities.

Interestingly, Scarbrough et al. (1999) note, in common with many other concepts within managerial literature, the half-life of the concept of the learning organisation may be very limited. By examining specialist literature search databases, Scarbrough et al. (1999) show that interest in the learning organisation appears to have waned since the mid-1990s. Scarbrough et al. (1999: pp.11-18) base their findings (that interest in the learning organisation has peaked and is being replaced by interest centring on the concept of knowledge management) on a quantitative analysis of online journal databases (ProQuest Direct – PQD and BIDS). The looked at the number of journal articles that these search systems revealed as being produced between 1993 and 1998 which contained references to the core terms of learning organisation (or organization), and knowledge management. The data showed that 'the LO achieved prominence earlier in the decade, rising to a peak in 1995. Since then there has been a clear decline in references to the LO, mirrored in a sharp increase in references to KM' (Scarbrough et al., 1999: p.13). For example, the ProQuest search system indicated that whereas in the first half of 1996 the two terms had been cited more or less equally, by the first half of 1998 knowledge management was the focus of articles in roughly seven times as many cases as the learning organisation.

Scarbrough et al. (1999) note this trend with concern, as their review of knowledge management literature reveals that it has not grown out, or taken much account, of the findings from earlier research on the learning organisation. It also tends to be technologically driven and often fails to address people management (PM) issues. As Scarbrough et al. note, 'whereas PM are explicitly acknowledged as an important part of the LO, in KM literature these issues seem to figure largely as 'hygiene factors' – as constraints on knowledge management rather than as enablers of success' (1999: p.50).

4.3.2. **Competing perspectives on supporting learning at work**

If the focus is shifted from systemic ideas of the learning organisation to learning at work, then the role of learners as human actors is more likely to come to the fore. However, such an outcome is not guaranteed because there is a growing critique of the European vocational education and training agenda as being excessively instrumental in viewing learning principally as functional for work (Poell, 1998). There are competing perspectives here too, although the old adult education perspective of adult learning as having a

possible transformative role (Brookfield, 1986) in giving individuals greater potential to shape aspects of their lives was sometimes in danger of being buried in a deluge of functional rhetoric.

Even where there is a more expansive policy towards learning at work, particular attention has to be paid to the participation of learners in policy development and implementation. Where companies have developed explicit policies to raise levels of learning at work, whether through employee development schemes, action learning sets or other learning actions, then particular attention needed to be paid to facilitation and support of these schemes in practice (Metcalfe, 1992). Burgoyne (1992) argued that participative policy-making was one of the characteristics of a learning organisation. Elsewhere in Europe this would be interpreted as requiring the involvement of the social partners, but Winterton and Winterton (1994) found that managements differed in how appropriate they felt it was to involve unions in issues of continuing education and training policy and practice.

As well as explicit attempts to raise levels of learning at work, much learning occurs at work through the process of work itself. On-the-job learning has a long history. In some contexts, however, learning while working has been growing in importance. Drake (1995) emphasises the significance of experience-led working for groups such as maintenance staff, who require skills such as associative reasoning, complex sensory perception, a 'feeling' for technical equipment, a capacity to synthesise information and the ability to communicate with peers in order to assess the origin of malfunctions. These skills are normally acquired through long work experience, but new forms of VET can make explicit attempts to speed the process of 'experience making' through new forms of learning arrangements (Dybowski, 1997).

One clear trend within workplace learning is the attempt to draw working and learning closer together. In particular, there is an increasing awareness that learning and motivation are influenced if activities are embedded in contexts that make sense and are important for the learner (Raizen, 1994). However, there may also be times when it is important for the learners that some distance is put between learning and work, so as to generate breadth of perspective. Indeed, Eraut (1994) raises the question of whether successful workplace practice can necessarily be equated with a capacity to understand the ideas and concepts that inform such actions or to transfer them successfully to other contexts. For example, experienced practitioners may be seeking broader perspectives, theoretical understanding and so on. Engeström (1995) also points to the contribution theoretical concepts can make to assist individuals to understand what they are doing and why work

practices are subject to change. So, while meaning for the learner may often be increased by getting closer to working processes, in other cases greater distance between learning and working may be appropriate. Another important dimension to supporting learning at work is to seek to support workers in becoming self-directed learners.

One of the key issues concerning 'facilitating self-directed learning' lies in how to implement it in practice. If companies move towards becoming learning organisations and facilitate self-directed learning, they are faced with a challenge of balancing management and freedom in learning: 'how can we relax control over the learning process while at the same time channelling the benefits from it? (Jones and Hendry, 1994: p. 160)' (quoted in Darmon et al., 1998: p. 29). Fully self-directed learning at work requires individuals not only to learn from work, but also to use their own initiative to find out what they need to know. Eraut et al. (1998) point out that managers hopes that employees will be self-directed learners may not be realised if their attitude is perceived as permissive rather than positively supportive' (p. 39).

Work intensification, in the form of the amount of work to be done and the speed with which people are expected to work, may reinforce the routinisation and short-term nature of thinking in even complex work. This inevitably squeezes time for medium to long-term thinking and review of practice. Hence people need support to help them engage in patterns of thought conducive to learning, simply because of the amount of their time bound up with routinised behaviours. One role for trainers is to ensure that there are opportunities for reflection within work-based learning so that individuals become more effective at acquiring methods of self-learning and techniques for individual development (Infelise, 1994).

4.4. The quality of the workplace as a learning environment

From the above it is clear that the relationship between workplace organisation, organisational goals, and patterns of working and learning may be vary considerably between companies. In terms of general discussions about maximising the effectiveness of the workplace as a learning environment, one key decision will be the location of, and balance between, development of more specialised expertise and broader vocationally-oriented knowledge. The diversity both of employers and of facilities of off-the-job learning providers make it unwise to lay down any general rule. It may be more appropriate to audit the learning opportunities available and the

advantages and disadvantages associated with particular combinations of education, training, employment and community contexts. Knasel and Meed (1994) argue that guidance should be given to practitioners which allows them 'to make informed decisions about the relative strengths and limitations of off-the-job, near-the-job and on-the-job experiences in relation to specific areas of learning and aspects of the learning process' (p iii). It is also important to monitor what happens in practice, as 'work-based learning has the capacity to deliver an exceptionally challenging and rewarding learning environment. However, it can also produce sterility, where challenges are few and a series of mundane experiences lead to little learning' (Brown 1992: p. 134).

Onstenk (1994) points to the need for workplaces to offer 'strong learning environments', where it is possible for learners to apply their developing skills, knowledge and understanding in different contexts. There are some obvious difficulties for some small companies in providing the full range of learning opportunities required for the development of a broad occupational competence. Training practitioners in one study in England strongly believed that organisational culture itself could be influential, whereby 'the *wrong* organisational culture would significantly inhibit effective learning' (Knasel and Meed 1994; p. 17, original emphasis). In contrast, in an organisation with a long-standing commitment to learning, then it may appear natural that workers learn with the company (Brown and Evans, 1994). Pettigrew et al. (1988) saw the existence of receptive or non-receptive training contexts as influential upon the whole approach companies adopted to the development and management of their human resources.

While some small companies are reluctant to get involved in training and development (Keep and Mayhew, 1996), other relatively small or medium-sized enterprises are highly innovative, and particularly if linked into 'multi-firm networking processes' (Rothwell, 1994), can offer very rich learning environments. In such circumstances, work itself (and the survival of the company) is concerned 'with extending levels of organisational adaptability and flexibility and with developing new areas of knowledge and technological competence' (Rhodes and Wield, 1994: p. 168). The richness of the work/learning environment is such that knowledge and expertise rapidly develop through work, which itself takes place in different contexts (and possibly companies).

The problem is that, as Keep and Mayhew (1996) argue, in many areas of the UK, employers have a low demand for skills, and, as a result, opportunities for the development of transferability may also be limited. So attention needs to be focused not only on the possibilities for learning associated with particular activities or jobs, but also on the extent to which

the organisation itself demonstrates a commitment to learning through its culture (Brown and Evans, 1994; Pettigrew et al., 1990). There are dangers in such contexts that the possible need for support is overlooked. Coffield (1998) quotes a finding from Ashton (1998) that in certain firms learning was thought to be 'unproblematic, a natural process which occurs of its own accord and therefore did not require any special support or consideration' (p. 1). This, however, sometimes meant that new entrants, especially graduates, received little support: there was a belief that they 'learn by being "thrown in at the deep end"' (Ashton, 1998: p. 67).

While we have strong reservations about the utility of the 'learning organisation' as a blueprint for action, at one level it has been valuable. Darmon et al. (1998) point to the way the learning organisation debate has brought about a shift of 'attention to the process of learning, the individuality of learning styles and creating the right environment for experiential learning to occur' (p. 29). Practical examples of a substantive commitment to learning throughout companies, though, remain hard to find. Eraut et al. (1998) investigated the extent of organised learning support in the development of knowledge and skills in employment of 120 people operating at professional, management, team leader or technician level in 12 organisations. Organised learning support included use of mentoring and coaching; rotations, visits and shadowing; and reference to 'designated experts', although very few of the positive examples of learning 'resulted from organisation-wide strategies or initiatives. Most were relatively informal and initiated by middle managers, colleagues or the learners themselves' (Eraut et al., 1998; p. 41). However, 'negative examples where the absence of these kinds of organised support for learning on-the-job left people struggling were too numerous to count' (p. 41).

Those in need of support for learning at work often turn to colleagues. Eraut et al. (1998) highlight the extent to which feedback from colleagues, and consultation and collaboration within working groups can form the basis for substantive learning, including through mutual consultation and support. Additionally, membership of task groups or committees could help people develop new skills, fresh perspectives or deepen their organisational or contextual understanding. Similarly, some people at work pointed to the extent to which they could learn from others outside their department, from professional networks or from suppliers and customers. One 'major reason for the prevalence of learning from other people was that this [tacit] knowledge was held by individuals rather than embedded in social activities. While some knowledge was firmly embedded in organisational activities, other knowledge *was* located with a small number of individuals' (Eraut et al., 1998; p. 48, emphasis in the original).

Those interested in supporting the development of workers, therefore, need to be able to draw upon a variety of learning contexts, and need to be aware of the strengths and weaknesses associated with particular combinations of education, training and employment contexts. The quality of learning environments in companies can be particularly variable, and organisational cultures can either inhibit or promote effective learning. Similarly, patterns of work may be such that expertise can develop through a productive combination of working and learning. In order to make the best use of less favourable learning environments at work, it may be useful to use work-based projects, learning contracts and action planning in order to enhance and enrich work-based learning and to make it applicable to contexts beyond the immediate work environment.

4.5. Some final thoughts

Debates about the learning organisation, and similar ones on the need to develop a learning society or knowledge economy, seem to suggest there is a simple positive linkage between investment in education and training and the boosting of stocks of human capital, and resultant economic performance. This belief covers economic competitiveness at the levels of the individual, the locality/region, firm, sector and nation state. Researchers, including Forrester et al. (1995) and Barrett et al. (1998), have shown that the kind of very simple linkage that policy-makers assume, cannot be proved and probably does not exist. Higher levels of education and training may be a necessary precondition for greater economic success, but on their own they are not sufficient to ensure that it occurs. They are better seen as simply one part of a much wider matrix of factors that may lead to success in the marketplace. These findings beg important questions about the efficacy of the UK's current emphasis on boosting the supply of skills, and assuming that the demand for, and effective utilisation of, increased skills and knowledge can be left to take care of itself.

Another consideration is the influence of the wider labour market, and one of the concerns for learning organisations may relate, particularly in the UK, to the ability of markets to cope with training and development, because many of the skills created and abilities developed could be transferable to other employers. Because of this, some firms may choose not to train, but instead poach skilled workers from those that do by offering higher wages. This situation, it is argued, will eventually deter those companies that do train because they fail to retain the full benefits of their investment in skilling their

employees. Such issues are of major concern within the context of a voluntaristic training system of the type operating in the UK, where employers are essentially free to decide on what, if any, training they offer their workforce, (McNabb and Whitfield, 1994; Booth and Snower, 1996; and Stevens, 1996).

Probably the most concise and clearest overview of the changing state of skill needs in the UK is provided in Green et al. (1997). They highlight a very mixed picture. The level of qualifications required for recruitment to a job has risen since 1986; and the proportion of those deemed 'over-educated' for their current employment has not changed dramatically. At the same time, a significant minority of people do not report any increase in their skill levels, and the groups that are losing out in skills acquisition include those in part-time jobs, the self-employed, those aged over 50, and those in low status occupations (Green et al., 1997). That some already disadvantaged groups are falling further behind, while there is a gradual upskilling for many of those in work, should be a particular concern.

Hence it should be apparent that any consideration of the learning organisation needs to be set in the context of a framework of lifelong learning, that addresses issues concerned with social inclusion, participation and societal needs. This is what the Fryer (1997) report on lifelong learning attempted to do, and it provides a wider context than just attempting to anticipate the skills required of the workforce of the future (Avis, 1998). Ecclestone (1998), however, warns of the dangers of an uncritical acceptance of current lifelong learning policy developments. This is because 'underlying new possibilities are ideological tendencies which may be far from progressive ... [and] we have to reassert the need for risk in debating what learners' needs are and how they might be met' (p. 19). For example, 'the dominant notion in recent years has been of a learning society which embeds a learning market, with the market responding to economic issues and individuals rather than social imperatives' (Edwards et al., 1998). This may lead to the exclusion of older adults (Schuller and Bostyn, 1996); reproduction of patterns of inequality in terms of who can participate in learning (Macrae et al., 1997; McGivney, 1997; Keep, 1997). Tett (1996) too points to how participants in substantive learning at work tend to be under 35, come from skilled or professional backgrounds and have had positive educational experiences, whereas non-participants are older, less skilled and are more likely to have been unemployed. There are also 'questions of take-up relating to gender and ethnicity although here too there are variations within groups by regions ....[so] it is essential for initiatives to be responsive to local variations' (Edwards et al., 1998: p. 38).

It may be that use of the idea of learning networks would be a more positive way to promote a more inclusive approach to learning that recognises the importance of the social context and goes beyond the confines of a 'learning organisation'. Such an approach would have the added benefit that it would also go with the strong tide of arguments against an individualist approach to lifelong learning. Duke (1995) highlights the significance of learning networks, whereby individuals draw on a range of people and resources to support their learning. Others (such as Benn, 1997; Gorard et al., 1996 and Merrifield, 1997) reinforce the point that it is the connection between individuals and a variety of other groups, networks and organisations that can give stimulus and direction to adult learning, not simply an individual calculation of economic interest and work requirements (Chisholm, 1997; Coffield, 1997). Rees et al. (1997) take this argument a stage further, and point to the way a focus upon individualisation in the development of lifelong learning can undermine concerns for structural inequalities in society. There is scope for individual agency, but even where this is expanding, it still takes place within particular social structures and contexts: 'individualisation is embedded in social, economic and political practices, and yet the policy debate on lifelong learning serves to decontextualise individuals – such as their families, locations and networks' (Edwards et al., 1998: p. 35).

In conclusion then, there is a range of perspectives on the 'learning organisation.' There are, in particular, dangers that concerns with 'learning organisations' may narrow the focus of education and training and lifelong learning to concerns with the skills required for work. On the other hand, the 'learning organisation' debate does at least acknowledge the centrality of learning, and is broader than the even more narrow approach of the development of competence for current work patterns. Perhaps a move towards giving greater attention to 'learning networks', rather than 'learning organisations', would sharpen this focus still further. The area of learning thus illuminated would be much richer, incorporating a more inclusive approach to learning that recognises the social nature of learning, the existence of multiple aims for learning and acknowledges the potential transformative nature of adult learning.

4.6. References

Ackroyd, S.; Procter, S. British manufacturing organization and workplace industrial relations: some attributes of the new flexible firm. *British Journal of Industrial Relations*, 1998, Vol. 36, No 2, pp. 163-183.

Ashton, D. Skill formation: redirecting the research agenda. *In*: Coffield F. (ed.) *Learning at work*. Bristol: Policy Press, 1998, pp. 61-69.

Attwell, G.; Jennes, A.; Tomassini, M. Work-related knowledge and work process knowledge. *In:* Brown, A. (ed.) *Promoting vocational education and training: European perspectives*. Tampere: University of Tampere Press, 1997.

Avis, J. Discursive tricks - policy talk and the construction of teaching and learning within post-compulsory education in England. Belfast: Paper presented to *British educational research association annual conference*, August 1998.

Barrett, A. et al. *Exploring the returns to continuing vocational training in enterprises*. Thessaloniki: Cedefop, 1998.

Benn, R. Participation in adult education: breaking boundaries or deepening inequalities? University of London. Paper presented at *27th annual SCUTREA Conference*, July 1997.

Booth, A.; Snower, D. (eds). *Acquiring skills: market failures, their symptoms and policy response*. Cambridge: Cambridge University Press, 1996.

Bridges, W. *Jobshift*. London: Nicholas Brearley, 1995.

Brookfield, S. *Understanding and facilitating adult learning: a comprehensive analysis of principles and effective practices*. Milton Keynes: Open University Press, 1986.

Brown, A. Work-based learning: design, resourcing and monitoring. *In*: Ellis, C. (ed.) *PICKUP practice: the achievement of excellence*. Nottingham: University of Nottingham, 1992.

Brown, A.; Evans, K. Changing the training culture: lessons from Anglo-German comparisons of vocational education and training. *British Journal of Education and Work*, 1994, Vol. 7, No 2, pp. 5-15.

Brown, A.; Evans, K.; Blackman, S; Germon, S. *Key workers: technical and training mastery in the workplace*. Poole: Hyde Publications, 1994.

Burgoyne, J. Creating a learning organisation. *Royal Society of Arts Journal*, 1992 *(April): pp.* 321-330.

Chisholm, L. Lifelong learning and learning organisations. *In*: Coffield F. (ed.) *A national strategy for lifelong learning*. Newcastle: University of Newcastle, 1997.

Coffield, F. Introduction and overview: attempts to reclaim the concept of the learning society. *Journal of Education Policy*, 1997, Vol. 12, No 6, pp. 449-455.

Coffield, F. Introduction: new forms of learning in the workplace. *In*: Coffield, F. (ed.) *Learning at work*. Bristol: Policy Press, 1998.

Coopers; Lybrand. *The Coopers and Lybrand competitiveness survey*, London: Coopers and Lybrand, 1995.

Coopey, J. Power, politics and ideology. *In*: Burgoyne, J.; Pedler M.; T. Boydell (eds). *Towards the learning company*. Maidenhead: McGraw Hill, 1994.

Darmon, I.; Hadjivassiliou, K.; Sommerlad, E; Stern, E.; Turbin, J.; Donau, D. Continuing vocational training. *In*: Coffield F. (ed.). *Learning at work*. Bristol: Policy Press, 1998.

Competitiveness - our partnership with business - a benchmark for success. Department for Trade and Industry. London: DTI, 1997.

Doyle, P.; Saunders, J.; Wong, V. 'Competition in global markets - a case study of American and Japanese competition in the British market'. *Journal of International Business*, 1992, Vol. 23, No 3, pp. 419-442.

Drake, K. The economics of learning on the job: A European perspective on instruction-led and experience-led job competence. Paper presented at conference on *Efficiency and equity in education policy*, Canberra, 1995.

Drucker, P. The emerging theory of manufacturing. *Harvard Business Review*, 1990, Vol. 68, No 3, pp. 94-102.

Duke, C. Metaphors of learning. *Adults Learning*, 1995, Vol. 6, No 10, pp. 300-302.

Dybowski, G. New technologies and forms of work organisation: Impact on vocational education and training. Contribution to *CEDEFOP VET Research report*, CEDEFOP. Thessaloniki, 1997.

Ecclestone, K. Care and control: defining learners' needs for lifelong learning. Paper presented at *British Educational Research Association annual conference*, Belfast, 1998.

Edwards, R.; Raggatt, P.; Harrison, R.; McCollum, A.; Calder, J. *Recent thinking in lifelong learning - a review of the literature*. Sudbury: DfEE. 1998.

Elliot, J. A model of professionalism and its implications for teacher education. *British educational research association annual conference*. Roehampton: August, 1990.

Engeström, Y. *Training for change*. London: ILO 1995.

Eraut, M. *Developing professional knowledge and competence*. London: Falmer, 1994.

Eraut, M. Curriculum frameworks and assumptions in 14-19 education. Paper given to *British Educational Research Association conference*, York: September 1997.

Eraut, M.; Alderton, J.; Cole, G.; Senker, P.; Learning from other people at work. *In*: Coffield, F. (ed.). *Learning at work*. Bristol: Policy Press, 1998.

European Commission, *Green paper on partnership for a new organisation of work*. Brussels: European Commission, 1997.

Forrester, K.; Payne, J.; Ward, K. Lifelong education and the workplace: a critical analysis. *International Journal of Lifelong Learning*, 1995, Vol. 14, No 4, pp. 292-305.

Fryer, B. *Learning for the Twenty-First Century*. National advisory group for continuing education and lifelong learning, London: DfEE, 1997.

Gorard, S.; Fevre, R.; Furlong, J.; Rees, G. The social determinants of adult participation in education and training: a framework for analysis: Lancaster. Paper presented to *BERA annual conference*, August 1996.

Green, F.; Ashton, D.; Burchell, B.; Davies, B.; Felstead, A. An analysis of changing work skills in Britain, London: Paper presented to the *Low wage employment conference* of the European Low wage employment network, CEP, LSE, December 1997.

Guile, D.; Fonda, N. Performance management through capability. Issues in: *People Management*, p. 25, London: Institute of Personnel and Development, 1998.

Handy, C. *The age of unreason*. London: Hutchinson. 1989.

Hayes, C. *Growing an innovative workforce*. Kingston: Prospect Centre, 1992.

Industrial Relations Research Unit. Comments on the European Commission's Green Paper. *In*: *Partnership for a new organisation of work*. Coventry: University of Warwick (IRRU) (mimeo), 1997.

Infelise, L. In-company training: new frontiers in Europe, Milan: Paper presented at the *Third International Interdisciplinary conference of IRNETD on Education and Training for Work*, June 1994.

Jones, A; Hendry, C. *The learning organisation: a review of literature and practice*. London: HRD Partnership, 1992.

Jones, A.; Hendry, C. The learning organisation: adult learning and organisational transformation. *British Journal of Management*, 1994, No 5, pp. 153-162.

Keep, E. 'There's such thing as society....': some problems with an individual approach to creating a learning society. *Journal of Educational Policy*, 1997, Vol. 12, No 6, pp. 457-471.

Keep, E.; Mayhew, K. UK training policy-assumptions and reality. *In*: Booth, A.; Snower, D. (eds). *Acquiring skills: market failures, their symptoms and policy response*. Cambridge: Cambridge University Press, 1996.

Keep, E.; Mayhew, K. Was Ratner right? Product market and competitive strategies and their links with skills and knowledge. *Economic Policy Institute Economic Report*, April 1998, No 12, p. 3.

Knasel, K.; Meed, J. *Becoming competent. Effective learning for occupational competence: the guidance needs of practitioners*. Sheffield: Learners First/ Employment Department, 1994.

Lindley, R.; Wilson, R. (eds). *Review of the economy and employment 1996/97: labour market assessment*. Coventry: IER, University of Warwick, 1996.

Macrae, S.; Maguire, M.; Ball, S. Whose learning society? A tentative deconstruction. *Journal of Education Policy*, 1997, Vol. 12, No 6, pp. 499-509.

Marginson, P. Multinational Britain: Employment and work in an internationalised economy. *Human Resource Management Journal*, 1994, Vol. 4, No 4, pp. 63-80.

McGivney, V. Adult participation in learning: Can we change the pattern? *In:* Coffield, F. (ed.). *A national strategy for lifelong learning*. Newcastle: University of Newcastle, Department of Education, 1997.

McNabb, R.; Whitfield, K. (eds). *The market for training*. London: Avebury, 1994.

Merrifield, J. Finding our lodestone again: democracy, the civil society and adult education. Paper presented at *27th annual SCUTREA conference*. University of London, July 1997.

Metcalfe, H. *Releasing potential: company initiatives to develop people at work*, vol.1. Sheffield: Employment Department, 1992.

Millward, N. *The new industrial relations*. London: Policy Studies Institute, 1994.

Nonaka, I.; Takeuchi, H. *The knowledge creating company. How Japanese companies create the dynamics of innovation*. Oxford: Oxford University Press, 1995.

OECD / *Jobs strategy: technology, productivity and job creation*. Paris: OECD, 1996.

OECD / Government of Canada. *Changing workplace strategies: achieving better outcomes for enterprises, workers, and society*. Paris: OECD, 1997.

Pedlar, M.; Burgoyne, J.; Boydell, T. *The learning company*, London: McGraw Hill, 1991.

Pettigrew, A.; Arthur, M.; Hendry, C. *raining and human resource management in small to medium sized enterprises*. Sheffield: Training Agency, 1990

Pettigrew, A.; Hendry, C.; Sparrow, P. *The role of vocational education and training in employers' skill supply strategies*. Sheffield: Training Agency, 1988

Poell, R. *Organising work-related learning projects: a network approach*. Nijmegen: KUN doctoral thesis, 1998.

Raizen, S., Learning and work: the research base. *In*: OECD, *Vocational education and training for youth: towards coherent policy and practice*. Paris: OECD, 1994.

Rees, G., Fevre, R., Furlong, J.; Gorard, S. History, place and the learning society: towards a sociology of lifetime learning. *Journal of Education Policy*, 1997, Vol.12, No 6, pp. 485-498.

Regini, M. Firms and institutions: the demand for skills and their social production in Europe. *European Journal of Industrial Relations*, 1995 Vol. 1, No 2, pp. 191-202.

Rhodes, E.; Wield, D. The global context of firm level innovation. *In*: Rhodes, E.; Wield, D. (eds). *Implementing new technologies: innovation and the management of technology*. Oxford: Blackwell, 1994.

Rothwell, R. Issues in user-producer relations: role of government. *In*: Rhodes, E.; Wield, D. (eds). *Implementing new technologies: innovation and the management of technology*. Oxford: Blackwell, 1994.

Scarbrough, H.; Swan, J.; Preston, J. *Knowledge management and the learning organization: the IPD report*. London: Institute of Personnel and Development, 1999.

Schuller, T.; Bostyn, A. Learners of the future: preparing a policy for the third age. *In*: Raggatt, P.; Edwards, R.; Small, N. (eds). *The learning society: challenges and trends*. London: Routledge, 1996.

Senge, P. *The fifth discipline: the art and practice of the learning organisation*. London: Century Business/Doubleday, 1990.

Sommerlad, E.; Stern, E. *Workplace learning, learning culture and performance improvement* - a report prepared for the Institute of Personnel and Development, London: Tavistock Institute (mimeo), 1998.

Stevens, M. Transferable training and poaching externalities. *In*: Booth, A.; Snower, D. (eds). *Acquiring skills: market failures, their symptoms and policy response*. Cambridge: Cambridge University Press, 1996.

Streeck, W. *Social institutions and economic performance: studies of industrial relations in advanced capitalist economies*. London: Sage, 1992.

Streeck, W. German Capitalism: Does it exist? Can it survive? *New Political Economy*, 1997, Vol. 2, No 2, pp. 237-256.

Williams, K.; Williams, J.; Haslam, C. The hollowing out of British manufacturing and its implications for policy. *Economy and Society*, 1990, No 19, pp. 456-490.

Winterton, J.; Winterton, R. *Collective bargaining and consultation over continuing vocational training*, Sheffield: Employment Department, 1994.

CHAPTER 5

The conundrum of the learning organisation – instrumental and emancipatory theories of learning

Peter Cressey, Michael Kelleher

5.1. Introduction

The conundrum is: how can two apparently competing perspectives on organisational change through learning exist at the same time? We explore this conundrum through competing epistemological positions, competing views on production systems and in practised forms of learning. In this chapter we provide a focus on the relationships between the debates on maximising learning in organisations and contrasting epistemological philosophies. In order to locate and ground this debate in organisational contexts, we will draw on two competing models of production that have generated intense interest amongst management and industrial sociology authors. We are not claiming that these two models of production are universally generalisable to all organisations. We have chosen them for their heuristic capacities and, we hope, to generate interest and debate about the sources of the learning organisation conundrum.

Discussion on production systems can help illustrate the contrasting models of incremental and transformative learning evident in literature. In his seminal work on *Images of Organisation*, Gareth Morgan (1986) identifies a number of metaphors with which it is possible to view organisations. Lean production with its roots in Taylorism and Fordism has a view of organisations as machines identified by their structures. System and structure are central to traditional theories of organisation. According to this perspective, top-down approaches to the design of structure and strategic goals gives coherence to the variety of parts and functions in an organisation. Without structure there would be a great many undirected activities, resulting in unproductive chaos. Central to this perspective is the need for the same top-down approach to

creating control over those same parts and functions. Thus, structure and authority and its associated power go together. However, machines have only a limited ability to learn. They can adjust their own behaviour in light of experience, but as they are not living entities they have no ability for self-referral or reflection ([6]). The concept of the learning organisation allows us to grasp more fully the distinctions between the previously dominant viewpoint of organisations as machines and the emerging new perspective of living organisations as communities of people and practice (see, for example, Wenger, 1998).

On the one hand the argument adopted by Adler and Cole (1995) proposes limits to organisational change and that these limits are determined by the extent to which lean production, the extension of scientific management production methods, places a ceiling on required learning. This model – 'the learning bureaucracy' – they argue, is the most efficient and effective model available. In contrast, we identify a competing model based on the vocabulary of transformation integral to the work of authors such as Peter Senge (1990) and others articulating the concept of the learning organisation.

We begin our exploration of the learning organisation conundrum by offering a necessarily brief insight into competing approaches to knowledge production. In the following section we will examine the nature of two potentially competing models of production based in the car industry ([7]). The socio-technical school of thought, as embodied in the production system at Volvo's Uddevalla plant, is contrasted with lean production models. We then compare competing models of learning in organisations.

5.2. Competing approaches to epistemology

According to the traditional view of Western science, scientific knowledge is distinct from any other form of knowledge due to the logical method by which it was obtained. Science begins with systematic observation and the accumulation of factual evidence. From observations a general explanation can be postulated – a hypothesis. This, then, can be tested and if it withstands these tests the result is the addition of a verified scientific theory to the body of knowledge. From this positivistic viewpoint only empirically verifiable knowledge can be said to be meaningful. Clearly there are

([6]) The authors are grateful to Simon Griffey for his comments on this section.

([7]) Although we choose to use manufacturing industry for further exploration, the points we make are equally applicable to technical design and service organisations.

problems with this perspective. For example, how does one decide what is to be observed in the first place. All observation is by its nature selective.

Karl Popper differed in his ideas about this logical empirical view of knowledge creation. According to Popper the role of science was not to verify an hypothesis because all knowledge is only provisional. New theories disprove existing ideas and this confirms the provisional nature of knowledge. For Popper, it is the potential falsifiability of knowledge that distinguishes scientific knowledge from non-scientific (1963). Popper made specific reference to Freudianism and Marxism as non-scientific in that the ideas cannot be tested, although he did recognise that they might, in time, become testable. Presumably, Popper would also have problems with the application of complexity and chaos theories to organisations. Paradoxically, these theories draw on discoveries from within the natural sciences and as such conform to the original positivistic starting points.

Popper, and other positivists, based their theories of knowledge creation on a belief that, in practice, scientists actually set out to test and or falsify the theories with which they are working. Kuhn (1962) exposed these assumptions by questioning the practice of science. According to Kuhn the practice of 'normal' science consists of pushing new observations into an accepted framework; if does not fit in, then it has failed. Scientific revolutions occur as one paradigm gives way to a new paradigm. However, Feyerabend (1975) contended that science is essentially an irrational process. In preferring a new theory to an old one, scientists do not have any standards or reference bases for their preferences. According to this author, science progresses on the irrational expectation that the new theory will become dominant in the long run. From this perspective, the absolute logic of science is challenged by a relativistic view that science is simply one more world-view. This counter argument has itself some inherent problems, not least that there is an assumption that there is one universal logic of the science to be proved or disproved.

The arguments surrounding positivism were particularly vehement during the 1960s and 1970s and were highlighted by the work of authors such as Adorno and others from the critical theory school of thought that was initially known as the Frankfurt School. Gadamer (1975) argued that human actions have to be understood within the context of social practices. He argues that social science research should be concerned with interpretation, meaning and illumination. Habermas goes further (1972) and argues that the role of social science is to go beyond interpretation and illumination and engage in critical reflections that expose the underlying principles that limit freedom and sustain injustice. According to Habermas, even Gadamer's theory offers an

inadequate solution to the problems of scientific enquiry. What is required, according to Habermas, is the recognition that it is emancipatory knowledge interests that give rise to, and underpins, individuals' autonomy allowing them to pursue their real goals in a rational way. Such a knowledge interest is operationalised thorough self-reflection and reinforces the importance to the creation of autonomous learning and knowledge sharing in the organisational environment.

At this juncture, we have yet to experience the paradigmatic shift (Kuhn, 1962) away from the traditional models of measurement of success. In these circumstances concepts such as the learning organisation are faced with the double challenge of locating themselves according to traditionally accepted ideas of organisation as well as formulating new models and ideas about how organisations can be viewed, with new approaches to organisational change and new roles and functions being introduced.

Within the learning organisation and organisational learning literature it is possible to identify both positivistic and constructivist research traditions. Prange (1999) offers a useful insight into the problems associated with building theories of organisational learning ([8]). According to this author, normative / prescriptive approaches to organisational learning are influenced by the objectivist approach to research that assumes that:

(a) problems are readily identifiable and there exist optimal solutions to all problems;
(b) learning means discovering how things work, or finding the right way of doing something;
(c) knowledge is finite and is capable of being itemised, even to the extent of determining when and how it is incomplete or deficient;
(d) the world operates according to definitive principles (Prange, 1999: p.32).

Influential authors such as Argyris and Schön (1978; 1996) and Peter Senge (1990) can be construed as applying positivist approaches to learning organisation and organisational learning concepts. The first part of our conundrum is that while drawing on epistemological traditions that we believe are consistent with an incremental approach to learning, influential authors such as Senge convey at the same time models and images of organisational transformation through learning. While drawing on positivist traditions they are also assisting researchers and practitioners to transcend from one view of organisations – as machines – to another where organisations are seen as living entities.

([8]) We recommend a detailed exploration of the original article, as only some aspects of Christiane Prange's arguments can be developed here.

Certainly, in manufacturing industries the dominant metaphor of the organisation remains that of a machine. The principles of machines are that they operate according to repetitious, consistent and predictable manners (see Morgan, 1996). When they do not, there is error, or breakdown, in the system. The issue at stake is that the machine metaphor needs to be transformed to enable necessary adaptations to take place in turbulent environments. In the next section we will examine two contrasting approaches to production systems, explore the significance for learning and demonstrate the dominance of a positivistic approach to production design, that, according to its own proponents, limits learning.

5.3. Competing perspectives on production

The general debate about post-Fordism and changes in the predominant production regime has inevitable consequences for discussions of skill formation, training needs and learning strategies. The most developed debate – in the automobile industry research – displays two contending paradigms of learning and training strategies based around the socio-technical school and that of the lean production model echoing, in particular, a Toyota approach. The socio-technical school applied, in a systematic way, many insights from sociological and psychological studies together with an equally detailed look at the technological milieu of work, its detailed mechanics and its porosity (space for choice and decision-making). The socio-technical school fused two distinct streams of thought. One was drawn from the behavioural sciences, which looked at motives, attitudes, satisfaction and morale and hence questions of employee participation and involvement. The second stream was associated with technical sciences (engineering) that were concerned with questions of machine design, work layout, process flows and production management. The fusion of these two streams meant that the enterprise could not simply be looked at as either a distinct social system or a separate technical domain, but was to be seen as an interacting socio-technical entity (Emery, 1982). Furthermore, it contradicted the determinist notions that sought to assign, given certain technological structures, a 'one best way' solution. In the new socio-technical canon the opportunity was presented to management to design out aggravation, troublesomeness and bloodymindedness by the 'optimisation' of the social and technical conditions of working and, by so doing, 'design-in' consensus, learning, personal growth, autonomy and commitment (Rose, 1988). The enterprise and its work organisation now become amenable to

intervention, adaptation and improvement at many points in the organisation. Learning can take place via experimentation, creation of team structures, through action research, consultancy and programmes of work restructuring (for a full account of the development of the socio-technical school see Van Eijnatten, 1993).

From its earliest beginnings, team or group work has been central to the socio-technical vision and it was particularly realised in the Uddevalla plant of the Volvo Car Company. Up until 1994 this plant had been producing cars operating on a radically new basis where cars were produced in parallel assembly teams with ten people producing a whole car with cycle times measured in hours rather than seconds. The sale of this plant in 1994 raised questions and initiated a debate about the whole nature of post-war attempts at human-centred learning, the humanisation of work, the nature of employee learning, worker-oriented design, enriched working environments and advanced autonomous team working (see, for instance, Sandberg, 1995) ([9]).

Uddevalla should not be viewed as a perfect example of an emancipatory production system. Indeed, there was a great deal of effort put into the implementation of stock control methods, architecture of the plant, relationships between white and blue collar workers that have elements in common with lean production systems and which are often neglected by the concentration on autonomous team working. However, the Uddevalla experience does provide us with a production model that embodies a more humanistic, developmental and open approach to learning and competence enhancement.

In contrast, the MIT Automobile Study reported in the now famous book *The machine that changed the world* took an alternative approach (Womack et al., 1990). For those authors, schooled in modern Japanese car production, such 'humanistic' formats described above were seen as mere 'craft nostalgia' with a heavy price to pay in output and quality terms when contrasted with lean production assembly. Lean production is, in the main, a collection of production techniques developed initially by Toyota. These include:

- simultaneous engineering – the integration of design and production through face-to-face cooperation between designers and producers;
- kanban (just in time production - JIT) – where the demand for products and the production process are finely balanced. Zero buffer principles apply that allows for no stock holding or shortages of parts; symmetry is achieved between supply and demand;

([9]) This edited book contains a collection of articles that focus on the specific outcomes of the Uddevalla plant in relation to learning, competence and skills development.

100

- total quality management (TQM) – quality is woven into the process of production rather than been inspected at the end of the process;
- kaizen (continuous improvement) – worker involvement in product quality and development via quality circles and mechanisms that mobilise the tacit and acquired knowledge of workers;
- teamwork - workers organised into self-managed groups with an appointed team leader. They rotate jobs within the team, make collective decisions on some aspects of how to manage the production process and take over a number of the indirect production functions such as maintenance and quality control;
- integrating the supply chain-reduction of the number of suppliers, often to single sourcing and supply of parts is organised to correspond to JIT principles;
- stakeholder cooperation – cooperation inside and outside the factory, meaning collaboration between end-producers, suppliers and sub-contractors allowing greater feedback of information and active relationships (Sengenberger, 1992).

In practice not all of these issues would be operationalised in every case. However, the new production and stock control methods are often combined with changed employment arrangements marked by teamwork and cooperation to produce the lean production model with its supposed superiority to older Fordist production in the west. If these methods are employed then a massive productivity increase is predicted. The *Machine that changed the world* became required reading in business schools and elevated those methods of production to the new 'world class standard' that other firms had to emulate. The message from that study was that Japanese companies employing lean production techniques had a 2:1 productivity lead and massive quality superiority (Womack, et al. p. 83). World-class companies had the ability to achieve outstanding levels of productivity and retain exceptional quality standards simultaneously.

Roth (1992), of the German union IG Metall, has looked at the introduction of lean production in both Germany and Japan. He identifies the teamwork model used in lean production as a distinct turn away from what he calls the 'qualified teamwork' format used by Volvo. In that company, the aims of introducing teams included the creation of greater competence, attractive jobs, increased qualifications of workers, higher motivation to work and reduced labour fluctuations and absences. In the lean production system, although teamwork is at the centre of changes, Roth sees the main aim as 'rationalisation'. In German industry, teams are used to get clear productivity gains, to enable *kaizen* to work, to strengthen cost-centre awareness, to

extend worker responsibilities over areas that individuals would refuse to accede to and to enable a consensus to be formed that limits worker autonomy whilst increasing management control (Roth, 1992: p. 6). Importing Japanese-style teamwork as a form of rationalisation, according to Roth, actually increases stressful working, worsens working conditions, does little for worker skills and attempts to separate workers from their trade unions.

Roth's concerns are consistent with many other European-based authors. In *Enriching production*, Åke Sandberg (1995) and other contributors battle with the growing hegemony of lean production thinking with its triumphalist recital that there is no alternative. However, Adler and Cole (1995), who identify critical problems to do with skill formation and learning in the Volvo production regime, see Uddevalla as a profound mistake – the chasing of the chimera of self-actualisation through work. Rather than this 'anarchic craft' form of production they promote a form of 'democratic Taylorism' found in the NUMMI (a joint venture between Toyota and General Motors) plant in the US ([10]). For these authors, the NUMMI plant represents a sustainable balance of high production and work reforms of a genuine nature. They describe a 'humanised' work environment concerned with good layout, ergonomics and worker support facilities, yet also paint the actual work organisation in similar terms to that found in many lean production plants. Here teams of four to five are linked in series, around a predominantly Fordist assembly line, given some additional responsibilities for quality, routine maintenance and job rotation and with work cycles expanded to a maximum of 60 seconds. Here we revisit the earlier theoretical debates as Adler and Cole now begin to display their positivistic heritage. The nub of their argument is that the principles of work organisation in Uddevalla cannot work because they are not Taylorised. They argue that: 'you cannot identify the sources of problems in a process that you have not standardised' (1995: p.167).

For continuous improvement (*kaizen*) to operate one has to have the ability to collect data, monitor problems and propose solutions. They believe that long cycle times lead workers to learn, use skills and perform work in ways not specified in advance and hence this creates a potential anarchy of production. For Adler and Cole, Uddevalla represents a managerial 'abandonment not empowerment' (p.165). They cannot believe that workers can have scope and depth in their skills or the ability to apply solutions within an autonomous team-based format. Nor do they believe that the Uddevalla

([10]) NUMMI – New United Motor Manufacturing Inc – is a joint venture between General Motors and Toyota in Freemont, California. General Motor's worst performing plant was transformed into a best performer in terms of productivity and quality under Toyota (Rosengarten, 1999)

102:1

environment with its unique structure, component movement and work procedures would allow the form of replication that can ensure continual organisational learning and improvement of the sort seen in its first three years of operation. These authors argue that only an incrementalist approach, that does not challenge the principles and the foundations upon which the production system was built, can solve the problems of mass production and, on this basis, even the laudable attempts at holistic training are criticised as flawed and utopian. We are left with a 'humanised lean production' as the only way. The NUMMI methodology is the best we can achieve, for work is an 'instrumental necessity' not an opportunity for indulgent pre-industrial nostalgia. For Adler and Cole, the optimum type of organisation in these circumstances is a 'learning bureaucracy'. In this type of organisation the logic of production and its precise specification dominates management action.

The above account underlines two fundamentally opposed approaches to organisational learning that are situated in practice. The first, which might be termed – positivistic or incremental, and the second interactive and open-ended. The first model relies on gaining improvement in product and operations by the atomisation and isolation of activity, inaugurating standard patterns of behaviour, gaining certainty in the act of measurement, repetition and replicability and, crucially, this model relies upon the lessening of agency in the act of production and learning. The overall project initiated by F.W.Taylor (1947; for an account of Taylorism see Nelson, 1980) and continued here is the eradication of the subject (human beings) to the margins of organisational renewal. It is the human agent that is specified as bearing error, distortion and possessing a compromising volition. Adler and Cole can be placed firmly within a positivist perspective. In a similar vein, Weber (1968) describes the triumph of a particular form of means-end calculation – a rationalist logic that constitutes 'the iron cage' of modern society. This is a cage that reduces the scope of the human actor in the creation of learning activities, measurement techniques, work meaning and necessary competences (see Braverman, 1974).

For people schooled in this model, the idea of autonomous teams with extended or even open-ended responsibilities for production, quality control, training and improvement of production, induces fundamental criticism. They would see a production process riddled by crisis – for to be without fixed parameters or known content is real crisis. This is indeed the basis of Adler and Cole's criticism – that the Volvo plant at Uddevalla was working within degrees of crisis that made the production process unsustainable. The unsustainability came, essentially, from the transfer of management functions

103

to the workgroup and its ability to make decisions about production processes. Any situation where the responsibility for organisational improvement, quality and improvement was outside the replicable framework of positivism was bound to be unacceptable and ultimately unsustainable. Adler and Cole also identify Volvo as working within unacceptable degrees of crisis resolved only by team practices that might not be repeatable. Hence, unevenness and variation inevitably result.

5.4. Competing approaches to the learning organisation

The limits to learning inherent in lean production (see Womack et al., 1990) raise fundamental questions highlighted in the learning organisation debate about the role of human beings, whether as individuals, members of teams or as organisational collectives. If we have already identified the best solution to learning and production where does critical self-reflection figure, how does transcendence occur and how do we break the circle of repetition and create spirals of learning that take the organisation forward?

The instrumental and, in our view, limited, perspective on learning in organisations can be contrasted with a more radical emancipatory approach to learning organisations. It is around the late 1980s that the concept of the learning organisation emerged in research literature. Garratt (1987), Hayes, Wheelwright and Clark (1988) and Pedler, Boydell and Burgoyne (1991) developed their ideas during the 1980s, a period heavily influenced by action learning theories (Revens 1982) and organisational learning theories (Argyris and Schön, 1978). Despite the growing influence of the concept, no universally accepted definition has yet emerged. According to Garratt (1987) organisations with high investment in human resources are distinct from other forms of organisational cultures in that they integrate policy, strategy and operations and provide double-loop learning enabling free flows of information throughout the organisation. Other authors emphasise different aspects of the concept. From within this tradition, learning organisations will foster learning at all levels, develop new and innovative processes and continually reflect and transform themselves (De Geus, 1997; Pedler et al., 1991; Senge et al., 1990).

Jack Mezirow's work on transformative learning offers insight here. Mezirow has identified three types of learning (cited in Dixon, 1998): instrumental; communicative; and emancipatory. Instrumental learning is based on empirical knowledge and involves predictions, causes and effects.

It 'leads to the control and manipulation of the environment, which in this definition includes other people' (Dixon, p.35). Instrumental learning is consistent with positivism and the two are mutually reinforcing. In contrast, communicative learning focuses on obtaining common understanding and shared meaning. Proof is unobtainable as validity is determined through a process whereby individuals have opportunities to hear, influence and challenge others. Emancipatory learning occurs through processes of critical self-reflection that challenge the mental models that inform our opinions and the way we see the world. Mezirow's beliefs about communicative and emancipatory learning have been influenced by Habermas, an important opponent of the positivistic school of thought. Ellström (2001) has identified a hierarchy of learning: routine; systemised; knowledge-based; and reflective. These four learning types are useful, but a note of caution should be added. Hierarchies do not imply a seamless progression. Our exploration of the learning organisation conundrum suggests that there is apparent consistency between routine and systemised types of learning and an instrumental approach to learning in organisations. On the other hand, knowledge-based and reflective learning appear to have roots in more constructivist epistemologies.

On the basis of these differing levels, Ellström constructs a table that displays the field of learning and its degree of openness and closure in relation to various work organisation contexts. In this, the tasks, methods and results of work vary from those that are precisely specified at one end to those not given and open-ended at the other. With this addition in mind we offer a conceptual model of this learning dualism below. Figure 1 is particularly useful as it shows how methodologically one can easily circumscribe the analysis of organisational learning. It shows how positivistic approaches will be particularly powerful where strongly held beliefs are held at the routinised level where clear and distinct tasks and skills are indicated. However, as one moves towards jobs and organisations based upon knowledge and reflective processes there is a demand for very different training and learning needs that are predicated on choice, autonomy and strongly held beliefs about the role of the human agent. Here we pull together the three perspectives under the heading of instrumental and emancipatory forms of learning that incorporate the four levels of learning specified by Ellström.

165

Figure 1. **Instrumental versus Emancipatory learning**

Instrumental		Emancipatory	
Positivistic Lean Production Limits to learning		Constructivist Socio-technical / anthropocentric Transformative learning	
routine	systemised	knowledge-based	reflective

Our definition of transformative learning is consistent with this perspective in that, in the context of production systems, there is a need to break out of the black box of lean production and its tightly constrained cycles where task and process are continually replicated. Transformation implies an active element. To get into a sustaining spiral of learning means developing competences across all three domains. The links between these three domains of learning are vital in ensuring alignment of individual actions with organisational structures and processes (Kim, 1993; Watkins and Marsick, 1993; Cressey and Kelleher, 1999). These three domains of learning move the debate decisively from the province of task repetition, qualifications, training, measurement and falsification in order to focus on the real development of the individual, group and organisational practices that can stimulate and enable innovation.

Action is at the heart of transformation processes. Machines can act, but only in ways that are pre-programmed. Transformative action requires a focus on human beings, and organisations must be viewed not as machines but as 'living' entities (De Geus, 1997; Pascale, 1990). These authors draw on traditions of research from the natural sciences such as physics and biology and apply these to organisational theory (for example, see Senge et al., 1999; Bohm, 1980; Wheatley, 1999; Kelly, 1994; Maturana and Bunnel, 1999; and Battram, 1998). This body of work has provided illuminating insights into how organisations can be understood as sets of relationships and connections. From this perspective the dominant focus on strategy-structure-systems must give way to a new managerial focus on action involving purpose-process-people (Ghoshal, Bartlett and Moran, 1999). In a living system leaders are enablers and not controllers and must establish the content and conditions for experimentation and learning. Solutions to continuous challenges are generated by people nearest to the action (Pascale, 1999). From this perspective the control that is central to scientific management and lean production methods is far removed from management and learning processes inherent in the emancipatory models.

5.5. Conclusions

Like the managers in successful Japanese firms described by Nonaka (1990), Western practitioners interested in the learning organisation metaphor have sought ideas and models to enable senior colleagues and employees to understand how the change processes necessary to meet the demands of modern environments can be positive rather than negative experiences.

The concept of the learning organisation has come to be used as a metaphor for change by authors and practitioners who come from two competing camps. This then is the conundrum and a possible explanation for the confusion about and critiques of the learning organisation concept. It depends entirely on the epistemological roots of researchers and practitioners as to how the learning organisation concept manifests itself in their views. The apparent epistemological cleavage can allow each group to either research or implement practices that have different meanings.

While the learning organisation concept has generated advances in terms of models for change we are now in a state of paradox. The maturity of the debate means that, depending upon which epistemological tradition one draws upon, it is possible to be either comfortable or uncomfortable with this paradox.

The reality in enterprises is confusing, with examples of potentially transformative learning coexisting alongside many more cases where the old Taylorist paradigm is clearly dominant. For instance, the developmental potential within Uddevalla has been contrasted here with the learning bureaucracy model in NUMMI. While case studies of the more famous transformative learning practices are readily advertised to practitioner audiences (see, for example, Senge et al., 1994), problems about the diffusion and acceptance of learning organisation arguments persist. The old debate about contingency and technological milieux determining management learning strategies is largely discredited so the question arises – why is diffusion such a problem? The arguments we produce here suggest that the source lies in the epistemological cleavage within sociological debates.

From our standpoint we can now begin to see how the 20th century has been dominated by the growth of large-scale organisation based around principles and systematisation drawn from the positivistic/scientific tradition. Max Weber's analysis is rooted in 'formal rationality' (rational calculation, means-ends forms of logic, rigid systems of accountancy as a means of evaluation). It marginalises or eradicates 'substantive rationality' (ethics,

107.1

sentiment, affection, etc). In the same way scientific management reifies the system and designates the person within it as the source of error. Positivism as a methodology involves the separation of the knower and the known, demanding a scientific detachment from the subject of study. What is more it largely succeeds in universalising its method as the true source of knowledge and appropriate practice. Hence all of the above combine to privilege the system over the subject and to fail to recognise the social construction of knowledge. What this does is introduce a one-sidedness into organisational accounts of learning and innovation as it seems only the system provides correct procedures and knowledge. This top-down format is akin to single-loop learning in that it does not encourage self-activity, self-reflection and system-transcendent creativity. It does not encourage double-loop learning that pushes knowledge and innovation onwards.

Fundamentally, the question is about where does knowledge spring from and how is it legitimised. In the learning organisation debate a similar question suggests itself – how is transformative learning possible, developed and nurtured? The transformative perspective roots the answers in creative interactive relationships, self-reflection and exchange. The progressive work of the socio-technical school, action researchers and those interested in the social construction of knowledge through communities of practice, provides an alternative approach, as does Habermas' ideas on communicative knowledge interests. It is these ideas that have resurfaced in debates surrounding transformative organisational learning and are now couched in the lexicon of organisational innovation.

This chapter has been essentially exploratory in seeking to understand why there are competing approaches to learning organisations. Attempts to break free of scientific management thinking must entail engaging with ideas, people and organisations not yet involved in the debates surrounding organisational challenges. Our contribution raises questions about the roots of the mental models of different researchers and practitioners interested in this field of inquiry. It draws on distinct sets of literature. The challenge has been to identify and understand the complex nature, scope and scale of organisational change through learning.

5.6. References

Adler, P. S.; Cole, R.E. Designed for learning: a tale of two auto plants. *In*: Sandberg, A. (ed.) *Enriching production: perspectives on Volvo's Uddevalla plant as an alternative to lean production*. Avebury: Aldershot, 1995.

Argyris, C.; Schön, D.A. *Organisational learning: a theory of action perspective*. Reading: Addison-Wesley, 1978.

Argyris, C.; Schön, D.A. *Organisational learning II: theory, method and practice*. Reading: Addison Wesley, 1996.

Battram, A. *Navigating complexity*. London: Industrial Society, 1998.

Bohm, D. *Wholeness and the implicate order*. London: Ark Paperbacks, 1980.

Braverman, H. *Labor and monopoly capital: the degradation of work in the twentieth century*. New York: Monthly Review Press, 1974.

Cressey, P.; Kelleher, M. *Social partnership and human resource development*. mimeo: European Consortium for the Learning Organisation, 1999.

De Geus, A. *The living company: growth, learning and longevity in businesses*. Guildford: Longview Publishing Ltd, 1997.

Dixon, N.M. *Dialogue at work*. London: Lemos and Crane, 1998.

Ellström, P-E. Integrating learning and work: problems and prospects. Paper presented to *Forum Workshop: Learning in Learning Organisations*. University of Evora, 1999.

Emery, F.E. 'New perspectives on the world of work: Socio-technical Foundations for a New Order?' *Human Relations*, 1982, 35, No12, pp.1095-1122.

Feyerabend, P. *Against method*. London: New Left Books, 1975.

Gadamer, H. *Truth and method*. London: Sheed and Ward, 1975.

Garratt, B. *The Learning organisation*. London: Fontana, 1987.

Ghoshal, S.; Bartlett, C.A.; Moran, P. A new manifesto for management. *Sloan Management Review*, 1999, Vol. 40, No 3.

Habermas, J. *Knowledge and human interests*. London: Heinemann, 1972.

Hayes, R.H.; Wheelwright, S.C.; Clarke, K.B. *Dynamic manufacturing: creating the learning organisation*. New York: Free Press, 1988.

Kelleher, M.; Griffey, S. 'The College as a learning organisation'. *Training Matters*, 1997, Vol.6.

Kelly, K. *Out of control: the rise of neo-biological civilisation*. Reading: Addison-Wesley, 1994.

Kim, D.H. 'The link between individual and organizational learning'. *Sloan Management Review/ Fall*, 1993, pp. 37-50.

Kuhn, T. The *structure of scientific revolutions*. Chicago: Chicago University Press, 1962.

Maturana, U.; Bunnell, P. 'The biology of business: transformation through conservation'. *Reflections*, 1999, Vol. 1, No. 1, pp.82-86.

Morgan, G. *Images of organizations*. London: Sage, 1986.

Nelson D. *Fredrick W. Taylor and the rise of scientific management*. Wisconsin: University of Wisconsin Press, 1980.

Nonaka I. 'The knowledge-creating company'. *Harvard Business Review*, Nov-Dec, 1990.

Pascale, P. 'Surfing the edge of chaos'. *Sloan Management Review*, 1999, Vol. 40, No 3.

Pearn, M.; Roderick, C.; Mulrooney, C. *Learning organizations in practice*. London: McGraw-Hill, 1995.

Pedler, M.; Burgoyne, J.; Boydell, T. *The learning company*. London: McGraw Hill, 1991.

Popper, K. *Conjectures and refutation*. London: Routledge and Kegan Paul, 1963.

Prange, C. 'Organizational learning – Desperately seeking theory?' *In*: Easterby-Smith, M.; Burgoyne, J.; Araujo, L. (eds). *Organizational learning and the learning organization*. London: Sage, 1999.

Revens, R.W. *The origins and growth of action learning*. Bromley: Chartwell Bratt, 1992.

Rose, M. *Industrial behaviour: research and control*. Harmondsworth: Penguin, 1988.

Rosengarten, P. *The characteristics, outcomes and sources of the learning organization: the case of car component suppliers in Britain*. Unpublished MPhil thesis: London School of Economics, 1999.

Roth, S. 'Japanisation or going our own way? New 'lean production' concepts in the German automobile industry.' *European Foundation Working Paper*. Dublin, 1992, WP/92/14/EN.

Sandberg, A. 'Volvo human-centred work organisation - the end of the road?' *New Technology, Work and Employment*. 1993, Vol. 8, No 2, pp 83-87.

Sandberg, A. *Enriching production: perspectives on Volvo's Uddevalla plant as an alternative to lean production*. Aldershot: Avebury, 1995.

Senge P. *The fifth discipline: the art and practice of the learning organisation*. New York: Doubleday, 1990.

Senge, P.; Kleiner, A.; Roberts, C.; Ross, R.B.; Smith, B.J. *The fifth discipline fieldbook: strategies and tools for building a learning organisation*. New York: Currency Doubleday, 1994.

Senge, P.; Kleiner, A.; Roberts, C.; Ross, R.; Roth, G.; Smith, B. *The dance of change*. New York: Currency Doubleday, 1999.

Sengenberger, W. Lean production: the way of working and producing in the future? Presented at the *Labour in a Changing World Economy*. Geneva: ILO, 1992.

Taylor F.W. *Scientific management: comprising -shop management: the principles of scientific management: testimony before the special house committee*. Westport: Greenwood Press, 1947.

Van Eijnatten, F. *The paradigm that changed the workplace*. Van Gorkum, Assen: The Netherlands, 1993.

Watkins, K.; Marsick, V. *Sculpting the learning organisation: lessons in the art and science of systemic change*. San Francisco: Josey-Boss, 1993.

Weber, M. *Economy and society*. New York: Bedminster Press, 1968.

Wenger, C. *Communities of practice – learning, meaning and identity*. Cambridge: Cambridge University Press, 1998.

Wheatley, M.J. *Leadership and the new sciences*. San Francisco: Berrett-Koehler, 1999.

Womack, J.; Jones, D.; Roos, D. *The machine that changed the world*. New York: Rawlinson Associates, 1990.

PART 2

Organisational learning realities in different contexts

CHAPTER 6

Social dialogue and organisational learning

Michael Kelleher, Peter Cressey

6.1. Introduction

Prosperity and employment growth in modern economies are increasingly dependent upon the creation and sustaining of a highly skilled and adaptable workforce. The European approach has tended to regard high skills, training, good communications and a consensual organisational regime as a part of the competitive advantage of firms. In the current context, however, this is being challenged by contradictory strategies that emphasise deregulatory, hire-and-fire, low-skill and low-wage strategies that do not see the central importance of enterprise human investment and mechanisms for social dialogue. Currently one can see free market ideas, unitarist impositions of change and downsizing policies competing alongside other models of organisational change that demand considerable skill enhancement and high levels of social dialogue. Arguments about the importance of human capital and how it might best be developed inside organisations are at a crossroads.

In EU terms 'social dialogue' means the formal institutional relationship between the social partners, defined as the trade unions and the employer bodies, at European, national and sectoral level. The assumptions underlying the official concept are of formal, institutionalised and top-down sets of relationships which, it is accepted, misses out a host of enterprise-based relationships that are actively participative, partnership-led and constitute real changes to human resources and workplace outcomes. Underlying the research upon which this article is based is the hypothesis that social dialogue can be the decisive factor in the process of competence development, reskilling, training and the development of enterprise human investment. What has been obscured is the way companies involve the workforce and their representatives, what joint forums are created, and how the necessary cultural transformation is portrayed and achieved. Central here is a wider sense of change, one that goes beyond the implementation of a set of techniques to improve skills, training packages and development

strategies. This change enters the area of enhanced commitment, cultural renewal and new forms of agreement between the parties. This idea of increased mutuality, with a necessary role for active social dialogue, or what we prefer to call social partnership, is crucial.

Managerial staff admit to feeling uneasy about mutuality, as traditionally management as a practice has been about being in control, exercising specific expertise and maintaining clear lines of responsibility. In this particularly Taylorist perspective, contact and compromise through consultation and joint fora are recipes for misdirected muddle. Also, the culture of inclusive involvement is not extensive across Europe. Trade union and employee representatives are not routinely allowed or empowered to give of their expertise or enabled to make significant inputs into key organisational policies. (Cressey et al., 1988; Frolich et al., 1993; IDE group, 1993). However, where it is practised, the results in terms of improved industrial relations atmosphere, improved morale, acceptance of change and employee commitment has been clearly identified by the social partners (Frohlich et al., 1993; EPOC Research Group, 1997).

The current period, with its turbulence in terms of markets, production regime changes, deregulation, networking and introduction of new technologies, has increasingly made a Taylorist imperative both redundant and potentially harmful. Management might have knowledge of necessary changes, the ability to specify objectives and see the promise that these could bring but lack the processes of how to bring them into being. It is in this area that the 'Partnership and Investment in Europe' (PIE) research project sought to outline the potential for social dialogue in the urgent task of human capital renewal and development (Cressey and Kelleher, 1999). In the project we found four significant findings. First, there has been a marked shift from formal training to non-formal learning with an associated emphasis on more generic skills. Second, this transformation embraces at least three domains – individual, group and organisational learning – which we describe later. Third, this centrality of learning is coupled with more developed systems of social partnership and attempts to create active and meaningful dialogue. Finally, we see a movement towards human resource development strategies that fuse together learning and social dialogue

6.1.1. **The research**

Our stated aim in the research project was to establish a multi-dimensional approach to the examination of human resource development and organisational change. To this end, a multi-disciplinary research team drew on secondary literature featuring from organisational behaviour,

113

organisational development, human resource management, training and development and industrial relations sources. The international research team subsequently undertook primary research in twelve corporate sites across four countries (Germany, Sweden, Italy and the UK) and three sectors – automotive assembly, banking and telecommunications. These countries were chosen as they represent major systems of industrial relations (Due et al., 1991), deal with some of the most important models of European human resource management practice (Brewster and Hegewisch, 1994), and have differing traditions of social dialogue (Cressey and Williams, 1991). The sectors were chosen to represent those industrial sectors undergoing profound economic restructuring, technological and human resource and competence related changes in policies and practices. This focus on individual enterprises allows for detailed and systematic evidence to be established of the driving forces and responses to contemporary global influences. Such an approach is distinct in that it supplements more nationally and supra-nationally oriented debates that are well established around vocational education and training domains (11).

The research allowed us to incorporate current developments and trends surrounding corporate experiences in competence development. In addition, the project took as its aim the linking of these developments with another EU stated policy priority – the development of social dialogue. The hitherto compartmentalisation of these two issues as separate domains for both research and organisational level practices is increasingly seen by the actors as a hindrance to both corporate performance and human competence development. The mutual influence and reinforcement of the two issues has been drawn out in corporate case studies.

Each of the companies studied here has experienced corporate cultural transformation programmes that have located these two issues as both subjects for change and catalysts for further and wider changes that then set strategies for competitive advantage.

The twelve cases are an important resource but we cannot claim that they are representative of the overall European scene. The companies do, however, give a good indication of how the industries handle human resource developments to deal better with turbulent environments. Through cross-

(11) The authors wish to thank research colleagues who collaborated in the design and analysis of this project: Peter Docherty, Christofer Ullstad, Daniela Reimann, Michael Kuhn and Guisseppe Della Rocca. Our colleagues also included enterprise practitioners from a number of companies including: W. Elz, Deutsche Telekom; G. Marcuccio and Ms Acuti, Banco Amrosiano Veneto; M. Soverini, TIM; and L. Ehrlicher, ISVOR.

sectoral and transnational analysis, a picture can be displayed of the extent to which traditional industrial relations are giving way to participatory and partnership relations across Europe. The cases were as follows:

Figure 1. **PIE cases studies**

	Automotive	Banking	Telecom
Sweden	Volvo	Svenska Handelsbank	Telia
Italy	FIAT	Banco Ambrosiano Veneto	Telecom Italia Mobile (TIM)
Germany	Mercedes	Deutsche Bank	Deutsche Telekom
United Kingdom	Rover Body Pressings	NatWest Bank	British Telecom

All of the participating companies are large, well respected and have a history of promoting both partnership and advanced training methods ([12]).

6.1.1.1. *From training to learning*

The most significant shift taking place amongst the case studies indicates one from training to learning. This is a shift of content and a reorientation towards both more generic skills and context specific expertise and away from fixed occupational skills. Respondents in the companies reported on the changing needs of new employees in terms of skill and competence and the equivalent they themselves needed when they joined the organisation much earlier. Much of the language describing this change reflects the transformations alluded to earlier – higher quality demands, adaptability, customer service skills, more responsibility, greater time pressure, etc. When pressed, both management and employee representatives recognised the need to burst out of the concern for narrow qualifications and the matching of them to specific jobs. This was for the simple reason that there was no guarantee that those jobs would actually be there in the future. In the telecommunications industry, one human resource director estimated that

([12]) The authors also wish to express their gratitude to the social partners from ETUC and AEEU whose help in the definition phase of the project was invaluable. Special mention must be made of the role of Mr. Pat Guerin, Chair of Guinness (Ireland) Works Council and ECLO representatives who made significant contributions at the project steering group meetings.

80% of current jobs would be obsolete in five years time. This trajectory is different in the other sectors but still has resonance for them. The banks, particularly, are shedding old style branch staff and replacing or retraining them for customer service jobs, call centre employment or sales and marketing. To train people for a narrow range of tasks or to fit people into restricted job definitions makes little sense in such a context. The move towards wider job classifications systems is an illustration of this precise point – in a number of cases job family modelling was replacing the older occupational and clerical classifications. This allowed wider movements of staff without elaborate reclassification exercises.

Instead, a mixture of qualification and generic skills training is called for that can produce a workforce that is capable of learning for the demands of their new contexts. Hence, we see much emphasis in the cases upon problem-solving capacity, social interaction skills, team working, logical reasoning, adaptability and flexibility of response. It is the ability to know, to solve or to respond that becomes uppermost, not definitive or repetitive skills. In looking at learning structures and their content across the cases, this aspect stands out strongly. In these circumstances, traditional notions of training for occupational jobs and associated levels of competence has given way to more generic concepts of learning, often non-formal and outside of the normal range of VET provision (Cressey and Kelleher, 1999).

6.1.1.2. *Three domains of learning*

The issue and centrality of learning has increased and has become a routine element within corporate strategy discussions. To aid explanation it is useful to explore the three domains of individual, group and organisational learning, with the caveat that there are significant relationships which should not be forgotten.

Each country and set of case studies showed how the need for individual staff to be more flexible meant a change in approach was necessary. Rather than offer a menu of classroom courses companies were now thinking more deeply about how they get people on to the first rung of active learning. For example, in Deutsche Bank there is a move from an entitlement to training to self-responsibility for their lifelong learning (Kuhn and Reimann, 1999). The Rover employee-assisted learning (REAL) scheme gave each employee an annual sum of money to spend on any learning area they wanted. This did not need to have a direct connection to the job they did or to the occupational area. Instead Rover wanted to get its employees into the habit of learning irrespective of content (Cressey, 1997). In the Swedish bank, a competence programme accompanied the shift from a product to a customer orientation

where employees chose their own pathways (Docherty and Ullstad, 1998b). In NatWest, the company began seriously to value non-standard skills (i.e. those not previously related to bank tasks). It recognised that within their organisation, they already had people who were active in charities, artistically creative, administratively adept in outside groupings and in possession of skills that the new context demanded (Cressey, 1998a). In addition to this sea change in approach, we can also document a host of supportive policies to enable the individual to learn. Common among them were individual development plans, personal appraisal techniques and learning centres.

Team and group learning is not as extensive as individual learning, though there was evidence of a number of innovative and novel approaches to this issue. Team work, as a format seemed to exist sui generis. It was not confined to manufacturing and was growing in various areas of the banks and telecommunications groups. The problem, if there is one here, lies in the designation of what is a team or cohesive group. Teamwork in Rover appeared to lay at the centre of all of the major issues and themes developed over the last ten years. In the view of the senior engineering union convenor the major change was the move from command to commitment via the use of self-managed teams. In Volvo it is the introduction of QDE-teams (quality, development precision, economy) that are multi-skilled with broad business responsibilities in relation to customers in a radically upgraded technical environment that is interesting. The QDE teams constitute a new strategic platform for competence and business development. They are based on shared value premises between the unions and management on the need for, and relevance of, social responsibility in the company and the critical importance for the company of both providing rewarding work and achieving world class performance (Docherty and Ullstad, 1998a).

Organisational learning structures were particularly well represented in the studies. The creation of feedback loops and mechanisms for shared information and problem-solving is fundamental to a learning organisation. In the telecomm area, unsurprisingly, there was very sophisticated use of informational technology to provide staff with information, documents on-line, diagnostic tools and problem-solving forums. Telia had set up an 'interactive academy' providing expertise on-line; it had an open access policy for all staff in relation to document retrieval and an advanced Intranet system (Docherty and Ullstad, 1998). In Fiat's new Melfi plant the problem of organisational learning was dealt with through the creation of an organisational 'toolkit' constituted by a diversity of stakeholders throughout the organisation (Erlicher and D'Amato, 1997). The same can be said of BT, which again had the full gamut of sophisticated telecommunications equipment and facilities.

It too had an intranet, this time with levels of accessibility depending on need and function. Trade union officials were displeased that they were not allowed access to the Intranet and felt this was a failure in the partnership approach of the company (Cressey, 1998b). Deutsche Telecom also had an intranet and had invested heavily in the use of IT as a learning channel creating a televersity and the funline series of CD - ROM's for use throughout the organisation (Kuhn and Reimann, 1998b). Intranets and IT learning structures were not just the province of the telecommunication companies. Rover and NatWest had them in a more limited sense – limited because not everyone had access to computer workstations. One of the most developed of these kinds of structure was found in Deutsche Bank which had a very large project called 'Columbus' dedicated to corporate learning. This was a part of the new corporate university that combines both learning structures and a central information system. Columbus is a decentral, useable and universal tool of control, which integrates all educational offers and services for the vocational and further training of staff.

6.2. Alignment of social dialogue and learning strategies

Organisations in the study appear to have accepted that in both of the domains of social dialogue and HRD, what might have been previously considered rights / entitlements – to training and to consultation – are now firmly regarded as active parts of firms' business strategies. Why this change is important is that the growing turbulence in business environments now requires a workforce that is adaptive, flexible and responsive as well as mechanisms for establishing consensus and commitment that shape shared mental models. In this landscape an emphasis on learning development as the sole vehicle for competitive advantage will be insufficient.

We can see in the twelve cases how many of the external drivers have been the same and are pushing convergent issues on to enterprise agendas across Europe. This means that while there are variations in Europe, for example between different legal/industrial relations models, these do not necessarily hinder the development of a common European pattern. Only in the German case do we see some rigidities imposed by the strong national statutory framework and yet, even here, we see the rise of direct dialogue structures, group formats and learning loop mechanisms as in the other cases. While industrial relations systems in Europe vary tremendously, we

118

have not found that this is a key causal factor in the development of training and learning strategies in these companies. Differences exist both within systems and across them, making neat distinctions difficult to uphold as we find good examples in supposedly non-inclusionary systems (Della Rocca, 1998; Cressey and Kelleher, 1999). Part of the explanation may be that the movement in HR and industrial relations has been decentralised over the past two decades and there has been, at the same time, a rise in direct forms of participation. Both of these movements possibly reduce the importance of structural models and their impact on corporate practice.

This means that corporate practice and industrial relations cultures are becoming more differentiated, while the issues and processes they are concerned with are increasingly similar. All of this points up that the new partnerships and new forms of dialogue are supplementing, or even in some cases beginning to replace, the institutional practices of the past.

All of the enterprises studied were leading examples of good practice in their sectors. A number of studies could be highlighted in relation to innovatory practices and formats. Volvo, for instance, had expanded the realm of social dialogue beyond the enterprise. The training and learning initiatives were now no longer focused on the narrow concerns of the company but located in a broader concern for local and regional employability policies and practices. Rover stands as fine example of company agreements over representation, participation and training matters, allowing a deepening of partnership principles to continue, so enabling joint training, union-benchmarking and a learning culture to become embedded. The telecommunications sector, as a whole, proved rewarding cases. These were cases where partnerships and learning were occurring despite massive changes to employment, sector and organisational structures. Here, the parties appeared to be seeking the more innovative approaches to strategic consultation. It was in this sector that the trade unions had to make the most wide-ranging changes to their own mental models, attitudes and preparedness for change.

In comparison, the banking sector can appear, from the outside, to be conservative. Our cases suggest that technological innovation is being met by organisational and cultural changes that are significant. BAV (Marcuccio and Acuti, 1998), Svenska Handelsbank, NatWest and Deutsche Bank are handling their transition to increased customer focus and more flexible and open structures by programmes designed to equip staff for their new roles and tasks.

119

As we see in the sections above the act of participation is now extensive rather than restricted and tied more and more to issues of change within the workplace and enterprise. Rather than just having a formal and set committee discussing issues and transmitting the latest market update, the nature of involvement is often of a problem-solving character – improving quality, aiding process improvements, smoothing through processes of technical or organisational change. The issues of enterprise change and competences to match new work organisation structures are increasingly dominating the agenda for partnership.

This emphasis on an acceptance of the changed competitive environment and the need for strategies of dialogue based on added value, rather than power redistribution, means a refashioning of the formal social dialogue relationship. For many this translates into seeking dialogue that is not institutional or committee based. In one telecommunications company, senior trade union people actively opposed rigid mechanisms that depended upon formal meetings and rota attendance. They sought 'strategic dialogue' with the employers before decisions were made and at a point where they could have maximum impact. It was accepted that such dialogue is not easy, nor does it wipe away any the conflicts of interest that arise from time to time, but it was also seen as the path forward by both parties in that case and in a number of the others.

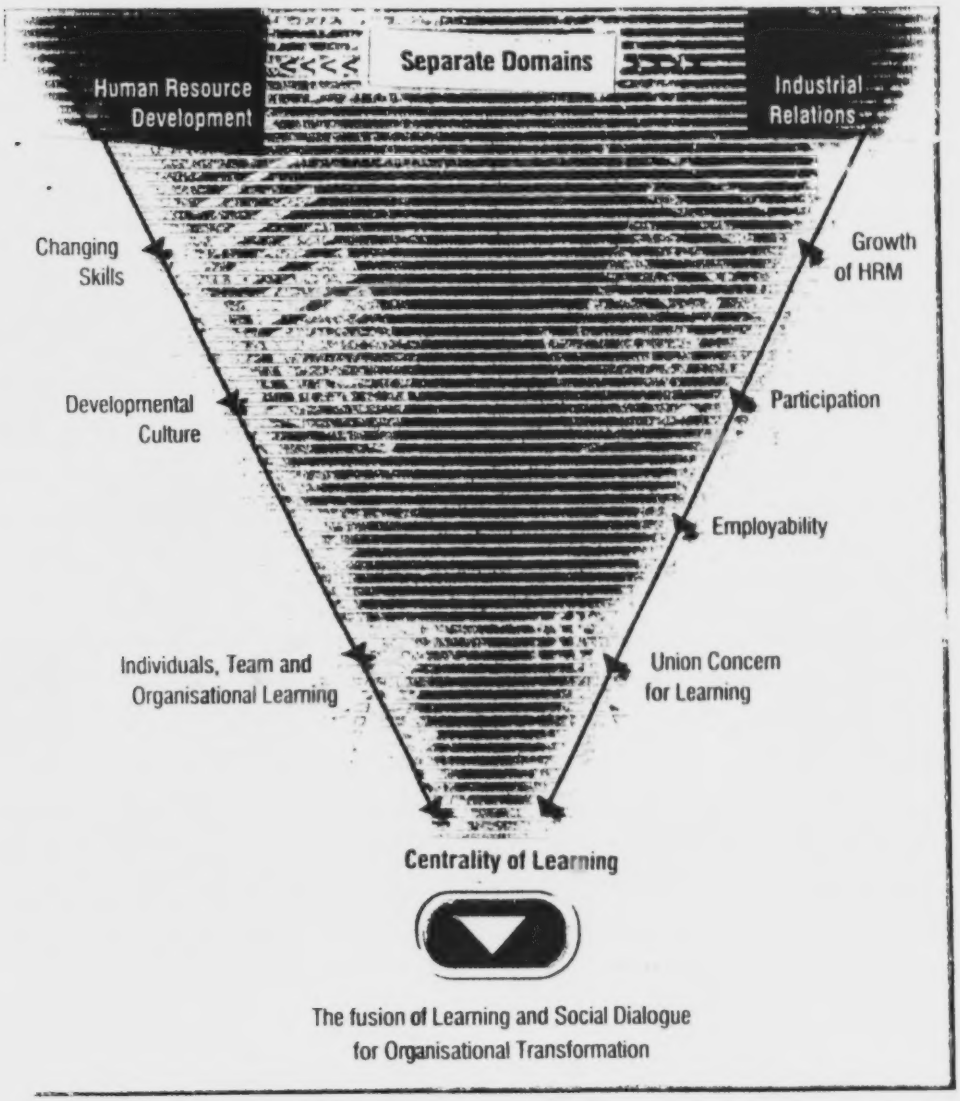
To some extent the form of participation that was sufficient and effective in a period of stable markets, stable job classifications and, by extension, stable skills needs, is not sufficient and effective now. The move from Taylorist/Fordist practices in industry or from staple bureaucratic procedures in the public utilities and services means a corresponding change in the formal and institutional framework that serviced them and gained agreement/consensus. A point made forcibly by some of the trade union representatives in the studies is that in the face of production system changes and the reorientation of basic functions, new social mechanisms for agreement and feedback have to be inaugurated. The existence of a committee, a works council or a formally organised joint consultation structure does not signal the existence of trade union influence or real and vital participation anymore.

120

As the intellectual content of jobs grows, as the demands for greater social skills increase and as the importance of active problem-solving develops, then this multiplies the need for active rather than passive involvement, particularly in human resource issues. A thread running through most of the cases signalled here is active and self-responsible involvement strategies on behalf of the trade unions and employees. All of the sectors, but in particular the telecommunication cases, indicate that a retreat by the unions into rights based discussion whether over pay, gradings or skills is no longer possible. Dialogue is increasingly inside the strategies of management, involved in elaborating future needs, helping the transmission of greater awareness of corporate developments and actively assisting the implementation of change. This last element can be painful for the unions when it involves job reductions and restructuring, but here, as the cases show, the unions have not flinched from involvement providing there is a *quid pro quo*. This has usually meant a call for real partnership: being involved before the issue at hand is cut and dried, being involved in the elaboration process, implementation and evaluation, not as outsiders but in tandem.

The movements detected in the twelve cases indicate that trade unions can no longer regard training and learning as subject to management prerogative (Cressey and Kelleher, 1999). Changes in work roles and markets can potentially affect unions' capacities for representation, recruitment and retention of membership. This means that their growing activity in this field can be seen as both defensive and proactive. It is defensive in its attempts to stabilise membership losses and unions' existing institutional presence and influence. It is proactive in seeking to extend representation into the new and vital enterprise issues of contemporary concern. It is because of this latter development that unions have become concerned with value-added strategies in addition to the more rights-based agendas that they had pursued hitherto. Figure 2 illustrates a trend detected in the cases studied and is, we believe, indicative of an increasing recognition that the two issues of social dialogue and human resource development need to be fused if organisational transformation is to be successful.

Figure 2. **Changing relationship between HRD and IR**



The Leonardo project's original proposal asked explicitly whether there was a role for the social partners in the development of learning organisations. Our four-nation study has established that not only can a role be identified but shows examples where both employers and trade unions are establishing new forms of relationships to underpin journeys of organisational transformation. Firms, and the social actors within them, are not seeking social dialogue structures and new learning mechanisms for their

BEST COPY AVAILABLE

own sake. They must be seen in the broader context of industrial responses to global market environments. Competitive advantage now comes from regimes that are able to abandon the worst aspects of Taylorist practice with its standardised performances within stable market structures, and acquire self-motivated, self-acting and self-renewing strategies appropriate to the external environment. In this context actors at all levels within the enterprise are experiencing role dissonance and are faced with hard choices. We have pointed out above how senior and middle management are dealing with this. We have also shown that trade unions and their individual members are undergoing significant reappraisals of their own roles and identities.

6.3. Conclusions

While the corporate experiences we show here may not be representative of all European experience they do point forward to issues and practices that other companies will have to face or are already having to emulate. The cases represent large and profitable multi-nationals that are generally further along the road in developing their training/learning and social partnership ideas. They are also important because of their fusion of the two domains that are the focus of the study here. Hence, to understand the lessons we can learn from their experience and unpack what this might mean for a wider corporate, trade union and academic audience.

The focus on the enterprises has, undoubtedly, been the right one and the production of detail regarding the changed roles, practices and strategies of the parties needs following up in a more systematic and extended way. This focus has added significantly to documenting the learning environments of all of the actors within and attached to the particular enterprises. The impact of these environments necessitates a more detailed understanding of the skills, competences and behavioural attributes of all the corporate actors. This project establishes the platform for a more focused analysis of the learning needs of that stratum of companies that see in the fusion of learning and social dialogue the path to future competitiveness.

The need to examine the diffusion of the pressures and responses found here to smaller firms, firms in other sectors and countries is also important and potentially productive.

The centrality of social dialogue to enterprise transformation is evident here and while this may not be of the same level and character as its more formal counterpart, it is nevertheless making a substantial contribution to changing practice on the ground. Policy developments in this area must take

notice of the fact that there has been a shift from institutionalised arrangements for social dialogue. In institutional formats, social actor influence is assumed due to the existence of a committee or other formal process. This research indicates that, despite this, institutionalised frameworks for social dialogue can be seen to be emerging around key issues and involving processes of an operational and strategic nature. It is here that institutional forms of social dialogue may give way to more innovative and creative formats hardly mentioned within current European Union thinking and this stands as a challenge to policy makers for the future.

6.4. References

Brewster, C.; Hegewisch, A. (eds). *Policy and practice in European human resource management*. Routledge: The Price Waterhouse Cranfield Study, 1994.

Cressey, P.; Bolle de Bal; Di Martino, A; Treu; Traynor. *Participation review*. Dublin: European Foundation, 1988.

Cressey, P.; Williams, R. *Participating in change: new technology and the role of employee involvement*. Dublin: European Foundation, 1991.

Cressey, P. Rover Group / *Rover body pressings case study*. University of Bath: PIE, 1997.

Cressey, P. *NatWest bank: The role for social dialogue in the development of employee competencies*. PIE/University of Bath: 1998a.

Cressey, P. *Partnership and investment in Europe*. University of Bath: BT Case PIE, 1998b.

Cressey, P.; Kelleher M. *Partnership and investment in Europe: the role of social dialogue and human resource development*. University of Bath: Leonardo Project Consolidated Report, ECLO, 1999.

Della Rocca, G. *Partnership and investment in Europe: consolidated report of national case studies in Italy*. Milano: MAIN, 1998.

Docherty, P.; Ullstad, C. *Partnership and investment in Europe: Volvo Car Corporation case study*. Gothenburg: IMIT, 1998a.

Docherty, P.; Ullstad, C. *Partnership and investment in Europe: Svenskahandelsbanken case study*. Gothenburg: IMIT, 1998b.

Docherty, P.; Ullstad, C. *Partnership and investment in Europe: Telecom Telia Sweden case study*. Gothenburg: IMIT, 1998c.

Due, J.; Madsen, J.S.; Jensen, C.S. "The Social Dimension: Convergence or Divergence of Industrial Relations in the Single European Market". *Industrial Relations Journal*, 1991, Vol 22, No2.

EPOC Research Group. *New forms of work organisation: can Europe realise its potential?* Dublin: European Foundation for Living and Working Conditions, 1997.

Erlicher, L.; D'Amato, D. *Innovation, competitiveness, learning: the FIAT auto case*. Torino: PIE/ ISVOR, 1997.

Frohlich, D.; Gill, C.; Krieger. H. *Workplace involvement in technological innovation in the European Community: roads to participation*. Dublin: European Foundation, 1993.

IDE Group. *Industrial democracy in Europe*. London: 1993.

Kuhn, M.; Reimann, D. *Partnership and investment in Europe: case study report of Deutsche Bank*. University of Bremen: ITB, 1998a.

Kuhn, M.; Reimann, D. *Partnership and investment in Europe: case study report of Deutsche Telekom AG*. University of Bremen: ITB, 1999b.

Marcuccio, G.; Acuti, A. *Partnership and investment in Europe: Caso Ambrosiano Veneto*. Milano: MAIN, 1998.

125

CHAPTER 7

Implementing organisational change in British Telecom

Peter Cressey

7.1. Introduction

> 'British Telecom has managed to make some of the most fundamental changes that any company has had to face in the UK in terms of its markets, its organisation and its people. We have done this in partnership with the trade unions. I do not think we would have achieved these changes without the support of the trade unions.'
>
> (C.M., Human Resource manager)

As with most national telecommunications carriers British Telecom (BT) has gone, and continues to go, through enormous changes in its ownership structure, its internal structure and in its products and markets. The big picture reveals a triple shock to the organisation beginning in the early 1980s: a movement from being a nationalised industry to a private company with all the ramifications that that involves; a reduction in size approaching 50% with attendant internal reorganisation; and a rapidly changing context within shifting deregulated and highly internationally competitive markets. In this continuing process the enterprise has had to shed its old identity, take on a new corporate culture and, at the same time, maintain and augment its range of high quality products.

The impact on the workforce has been dramatic. Massive waves of restructuring have cut employment in half, with ensuing problems for human resource development strategy. In such a turbulent context, competence and skills planning is particularly problematic. In essence, the time horizons for such skill requirement forecasting shortens, and the nature of training and learning formats have to change accordingly. The skills and qualifications structures appropriate to the stable nationalised corporation have given way to new and more stringent requirements in terms of both individual and organisational learning. In this field BT is considered a leading force in the UK and many of its initiatives are followed closely by other enterprises and practitioners. In this chapter I want to look at three main areas: first the nature

of organisational change experienced in BT; then the corresponding changes signalled for the learning environment; and finally a close look at the new relationship and forms of dialogue between the social partners in BT.

7.1.1. **Organisational change**

BT emerged from the old Post Office – a public sector organisation that covered both post and telecommunications. In 1981 the postal and telecommunications businesses were separated with all telecommunications matters being transferred to a separate company called British Telecommunications Plc. What has become increasingly important – besides the obvious commercialisation – has been the growing influence of regulation. As a newly privatised monopoly in the telecommunications marketplace BT was regulated by the Office of Telecommunications (Oftel). This means that while BT is a competitive and commercial company, government policy is still interventionist in regulating prices and creating competition in the sector. By 2000 there were up to two hundred direct competitors in the UK. Despite this BT has retained its leading position and high levels of market share.

Owing to the international competition in telecommunications, BT has followed a consistent expansion strategy. It sees itself as a global player and to achieve that status it has pursued an aggressive acquisition, joint venture and merger policy.

Seeking the retention of international and domestic market share in a fast changing environment, the other notable element of BT's business strategy is emphasis on technological and product innovation. Its investment in research and development amounts to about 2% of annual turnover – £291 million for 1996/97 from a total investment budget of £2.7 billion/annum. High on its product agenda is the development of Internet facilities for the mass market and for business customers. Efforts are being put into working with other companies, such as Microsoft and Digital, to develop private Internets – or intranets. BT also has a 60% stake in a mobile communications off-shoot called Cellnet. In ten years the market for mobile phones in the UK has grown from an insignificant number in the early 1990s to one where it is now challenging to overtake fixed line telephony. The recent changes that have opened up the European telecommunications market to greater competition presents another similar opportunity.

7.1.1.1. *Employment*

One of the core features of the early transition to competitive status was an aggressive approach to costs and staffing and a corresponding reorientation of the culture of the organisation. The original telecommunications entity

provided a set of telephone products offered within a stable and monopoly environment. The emphasis at that time was not customer service nor on the quality and competitiveness of the product.

> 'We provided little more than a basic telephony service based on a technology that had been around since the last century. The majority of our people were not used to competition or change and expected to have a job for life. The first priority was to establish a common language that would enable our people to focus on common business objectives.' (Introduction to BT)

As in the banking sector, one issue has dominated the industrial relations landscape and that has been the reduction in headcount. Such is the extent of this that there are now more ex-BT staff than there are BT employees. From 1989 to 1997 alone nearly 116 000 or 48% of staff left the company. This reduction has been seen as inevitable by both management and the trade unions who admit to a certain amount of 'protected' employment in the old state sector organisation. BT also sees it as a direct consequence of becoming 'market efficient' and competing against international corporate competitors. The main union, the Communication Workers Union (CWU), itemise five forces that have been at work in relation to staff reduction. The first is politics. Four consecutive Conservative administrations reduced the size and role of the public sector with an emphasis on fewer staff and lower costs. Privatisation dramatically changed the culture of the organisation. There was an early move to distinguish between core and non-core activities with an immediate drive to reduce staff numbers without any real assessment of the impact on quality of service. The third was competition. Here the Government decided to allow an unlimited number of network competitors. These competitors could start from scratch with access to the most advanced technology, with low levels of staffing, pay and conditions. Regulation is the fourth major force. The prices that BT can charge are controlled, putting tremendous pressure on the company's cost base. Technology is the final driver. Even without the other factors, sooner or later BT would have reduced staffing levels because of major investments in new technology averaging some £2.5-£3 billion a year. The move to digital exchanges, the reduction in land line demand and the growth of cellular networks demand have and will continue to have serious implications for staffing levels. In the next sections we look at the obvious impacts this has had upon the HRD and learning context in BT.

128

7.2. Learning strategies

'BT is committed to providing development and training opportunities to equip people with the skills they will need in the future. This approach integrates development and training with business objectives, job performance and personal development needs.' (BT Internet page)

7.2.1. **The company approach**

The environment in which BT is operating directly affects the training, learning and developmental policies and practices that it applies. Numerous management and senior union figures identified training and development as the crucial issue for the present and the near future. They base this on the premise that in periods of such market and product turbulence the company has to organise itself flexibly for maximum adaptability. The rigidities of the past and the settled and stable occupational structures are increasingly giving way to new and broader occupational structures as evidenced by the 'Newgrid' initiative that reduced overall gradings from 50 to only six skill bands. This initiative will be documented later as it is illustrative of the centrality of skill and occupational change within the sector. Together with this trend is the transformation of the company into new and different subsidiaries, formats and guises. The bulk of the remaining workforce of BT does not necessarily have to be employed directly, as increased use of joint ventures, resourcing companies, agencies and sub-contractors challenges what is meant by core and non-core employment.

From a company angle the approach to training, learning and competence development has to change to accommodate the above. In general terms, this is reflected in a twin process where training, learning and competence development provision ceases to be a centralised provision but is, instead, decentralised to the localities. Policy remains at the centre but, increasingly, responsibility for delivery and substance will be in the field. Along with this process is a reduction in the bureaucracy of training:

'When I tell you that in rewriting the training and development policy we are going from fifteen pages to one and a half pages. This means that not a lot of value is accorded to bureaucracy. The culture change takes us away from the civil service-based philosophy to something that is much more adaptable to rapidly changing markets.' (H.S. Training and Development Manager)

In many respects this is a part of the larger cultural and process shift the company is undergoing from a 'mechanistic' to an 'organic' style of

management (see Burns and Stalker, 1961). So, in the proposed corporate training and development plan there are only six clauses spread over less than one and a half pages. This provides a broad framework with guidance on specific aspects of development and training that is provided through divisional and unit arrangements. Within the framework, lifelong learning is brought to the fore to enable people to meet BT's changing requirements. A clear vision of the future based on discussion of the business objectives is included to enable employees to position their own trajectory to that of the company. There is a stress upon the roles and responsibilities assigned to the company, manager and individual and the standards needed to be achieved. This is followed by a description of the personal development and assessment processes needed. A section then indicates that whilst nationally recognised qualifications are useful, these should be allied with employability within BT. Finally, it indicates the range of traditional and new training delivery formats that BT aspires to use.

The company has gone through innumerable programmes for skill and competence improvement, many of them linked directly to the quality improvement journey identified earlier. This journey has been central to the company's transformation:

> 'With so much to be done in terms of investment, skills and cultural development, the first priority was to establish a common language that would enable people to focus on common business objectives. We choose total quality management.'
>
> (Introduction to BT Homepage)

From this beginning, many other allied programmes and projects have been spawned that have a direct bearing on training skills and the development of BT as a learning organisation.

Investors in People (IIP)

IIP is an external benchmarking initiative that companies in the UK voluntarily sign up to in order to demonstrate their commitment to developing their human capital. Doing so commits them to achieving IIP status within a given period. This entails:

(a) a commitment from the top to develop all employees to achieve business objectives;
(b) regular reviews of development and training needs and plans;
(c) actions to develop individuals throughout employment;
(d) an evaluation of training effectiveness.

IIP status is awarded when assessments have been successfully concluded in the above four areas. The first BT division achieved IIP status

BEST COPY AVAILABLE

in 1996 and in 1998 the company became the largest ever in the UK to receive company-wide accreditation.

Newgrid

BT is instigating the changes needed to consolidate the company in the new century and this has meant a thorough investigation of the skills base and grading system. This aims to reduce gradings to six basic bands from the fifty that exist at present. Doing this opens up the whole area of pay and grading, labour supply and future training and development needs. This includes a reconsideration of the training packages offered. BT is thinking of moving towards an assisted employee learning format, where the individual is offered resources and they are able to choose the actual content and format of the learning they get. In BT's case this means the supply of laptop computers to enable skill acquisition from the intranet as well as other sources.

The underlying rationale of Newgrid is the need to enable quicker responses to changes in skill needs. The industry has seen a shift from electrical engineering to telecommunications and now information technology, and they see that the containment of people within occupational and task-based silos will be increasingly irrelevant;

> 'We need a radical new structure that gives us the ability to move people - providing they have the skills - anywhere without the limits of demarcation. Career paths/career planning and flexibility are what we are after. There is a need for anchors within the structure to which people can relate, but this should not prevent people from moving sideways.' (C.M., Human Resource Manager)

Performance and competence management

These include an annual performance review where the balanced business scorecard (BBS) is applied at individual level. Here, also, there is the appraisal of individuals in both their performance (five grades) and their developmental needs (five categories). The former feeds into rewards and salary mechanisms while the latter is independent of this and seeks to improve the individual and enhance their potential. This is done by the agreement of a development action plan for every employee that is based on careful assessment by the immediate manager of the employee. This comes from monthly one-to-one sessions that review skills, job roles, development potential and outcomes. This is also the place for a discussion of training and development options in terms of national qualifications, programmes for technical, commercial and management competences, workplace learning options and computer/distance learning choices for the individual. Each BT

BEST COPY AVAILABLE

employee received an average of more than three days 'formal' training and a similar amount of in-job training and coaching. BT continues to be a strong advocate of the national and Scottish vocational qualification schemes. At the last count over 20 000 employees were registered for an NVQ course of training and many BT managers are now fully-trained assessors.

Intranet

BT has an advanced intranet with a host of different training and learning programmes, including frameworks for career and performance development, self-assessment and personal feedback tools, and the company's NVQ policy. Access to the intranet and its services has become second nature to staff and is of increasing importance as the company moves in the direction of a paperless office with mobile staff able to move at five minutes notice.

Amongst other important initiatives is the adoption of a balanced business scorecard (BBS) in relation to the appraisal of staff performance. The company has subscribed to the modernisation of their business objectives and its mode of evaluation. The business excellence model has been adapted to fit BT's environment and the four quadrants it uses in assessing group, area and individual performance reflect this. The four are, shareholder value/financial performance, customer/stakeholder satisfaction, processes and practices, and, importantly, organisational learning. Project 'breakout' was essentially a business process reengineering programme that resulted in 76 separate business/design improvement projects. The lessons learned in the process of investigation and improvement of practices, design processes and customer service has been used as the basis for BT becoming a learning organisation. Training management are somewhat reticent to claim BT is a learning organisation but do indicate that since 'breakout' and its continuation 'break in' there has been definite movement in a number of areas, so now the business division, consumer services and, increasingly, network and systems claim to be learning organisations. This leaves two smaller areas of the group still outside the definition. In addition ISO 9001 Certification has meant the creation of a number of mechanisms of corporate learning and evaluations of practice:

> 'A good deal of learning that we secure corporately is based on the application of ISO 9000 following the management system. This includes a review of outcomes, customer feedback and drawing up lessons for the future.'
>
> (HS. Training and Development Manager)

At the time of writing, BT is the largest single corporate ISO9001 registration in the world. Finally, there are other educational and learning initiatives, for instance BT's involvement in adult education via the 'televersity' based in Suffolk. This offers opportunities to small companies to acquire up-to-date management, IT and engineering skills at local centres or via video-conferencing technology. It also has a large dedicated management training college in Milton Keynes.

7.2.2. The union approach

There are two recognised unions in BT, the Communication Workers Union (CWU) and the Society of Telecom Executives (STE). As the names imply, the former represents a broad cross section of the operators, engineers and technical staff in BT while the latter organises management and professional grades. The CWU is a result of the amalgamation in 1995 of the Union of Communication workers, who hailed mainly from the postal service, and the National Communications Union that had mainly telecommunications workers. At present the union represents some 250 000 members employed across the postal telecommunications, information technology and related industries, including some major financial institutions. In BT the CWU has a membership density around the 90% mark. The union both embraces the company's forward thinking and sees it as of central importance for their present and future membership. However they also see the problems that such a shift might bring with it:

> 'It requires a lot of work to break down the attitude of engineers who have worked all their lives in engineering and are now transferred to customer service units. This means a huge retraining investment. The leadership of the union and the leadership of the company are very keen on this but it frightens the life out of some engineering and clerical staff. However, in general, the workforce have woken up to this - they know that they have to retrain and adapt. It is often the management that have not done so because their reskilling and retraining will cost a lot in time and money.
>
> (J.D. Assistant General Secretary, CWU)

For all these reasons the union has a central interest in forming a partnership with management to discuss training, skills and competence development. This poses a number of challenges for the unions:

> 'We see the way the skills of the future are going - to systems engineering, help desk, customer support, selling and so on. Maintenance and installation are declining. We see that the whole skill base of the sector is going to change and we have said that we will talk to management about it and see what we can do about the training

BEST COPY AVAILABLE

agenda. Our approach is to try and manage the workforce in terms of skill requirements and the training agenda that goes with it.'

(J.D. Assistant General Secretary, CWU)

The union wants long-term skills management to be a central focus of the new partnership arrangements. Its importance is twofold. First they want to develop a high value skilled membership, with high employability, and second such employability means enhanced retention of employees and therefore union membership. In a period of sustained membership loss this factor cannot be underestimated.

Unlike many unions in the UK, those in telecommunications have taken the lead in developing proactive strategies to maintain a properly trained workforce. Such strategies become more important in the sector as technology rapidly develops and new procedures and arrangements are continually introduced. The type of work undertaken by telecommunications employees is shifting away from craft-based skills towards computing and customer services skills. It is also necessary to ensure that the workforce is reskilled and retrained as necessary. The unions acknowledge that the national system is failing to provide the level of training expected by employers, but that BT is better than most in its internal provision. As a recent staff satisfaction survey showed, 69% and 72% respectively were satisfied with the training given and support for their personal development (1998 figures).

The union has continually sought to engage with the company on its learning strategy and is pursuing and seeking to negotiate a training framework which would include discussion of a number of factors:

(a) *resource allocation*

BT should declare the overall resources it is providing for training. It should identify the training budget as a separate item in the Annual Report and Accounts. BT should publicise a target for the number of days training for each member of staff. The UK average for firms providing off-the-job training in 1995 was 4.8 days per employee;

(b) *right to be trained*

All employees must have access to training as a right, regardless of grade, location, or full or part-time BT must act to identify and remove operational and personnel barriers which act as an obstacle or deterrent to training, including the gender stereotyping of certain jobs;

(c) *training strategy*

There is a need to identify clearly what future skills will be required and contrast this with the existing skill profile in BT, so that the workforce and the company are prepared for the future. The skills required for the future

will be for a customer-facing service company rather than a network transmission organisation. BT must ensure that its training strategy facilitates the movement of workers from declining skill areas into the growth areas. It has made some steps in this direction with initiatives dealing with occupational guidance and multiskilling training;

(d) *Investors in People*
To date the union has not really been involved with the IIP project within BT. However, given the importance of the issues it embraces, the CWU should seek a direct involvement;

(e) *access*
All employees must be able to understand what training is available and how to get access to that training. This should include the provision of help and information points. All information on training should be integrated into a single document or database available to all employees;

(f) *redeployment*
The redeployment process should be integrated with the retraining process. Registration for redeployment should automatically trigger training assessment, training provision and job placement;

(g) *qualifications*
Most training should be associated with recognised qualifications. Ideally, these qualifications should be recognised nationally and be used outside BT, such as national vocational qualifications (NVQs). BT already offers both NVQ's and BT vocational qualifications in various divisions and functions. Under 10 000 staff were registered for NVQs by early 1997. Employees should also be able to acquire relevant qualifications through access to external training and education programmes. Adequate funding should be provided. Monitoring will need to take place and appropriate action taken to ensure that any bias, conditions or barriers that inhibit equal opportunities are removed.

(h) *apprenticeships*
BT must continue to expand and improve its apprenticeship schemes. The numbers recruited have risen from about 50 in 1994 to 250+ in 1996, and are forecast to rise to 450 in 1997. Access to, managing of, and the provisions of the apprenticeship scheme should all be such as to ensure that equal opportunities in all respects are maintained (Union Strategy Document, CWU 1997).

The union is also looking at skills development and is seeking proactive involvement here too. In particular it is pressing BT to put into place proposals that every employee must have a written individual development agreement

which should be updated and agreed with the line manager every year.

Overall we see a union keen to develop strategies for training and development that go beyond traditional trade union concerns. This places the CWU and the STE in a different strategic category from other British unions, shown in their perceived need to develop a longer term bargaining strategy that gets beyond the normal pay confrontations and into a long-term two to three year bargaining cycle. In addition, they generally see a need to develop a culture which accepts that change – in the marketplace and, therefore, from the employer and consequently for the union itself – is inevitable, continuous, and an opportunity as much as a threat.

7.3. New relationship between the social partners

We have seen here a company in the throes of massive restructuring with important knock-on effects for training and learning developments. The management of the latter two however, could not have proceeded without a change in union-management relations and a turn towards a new form of partnership. What forms of partnership can flower in an environment of severe job loss is a key question. The company recognised that due to the scale of the reductions and the long term implications there would need to be a new relationship forged with the unions:

> 'We knew we could not change if we did not have the cooperation of the trade unions. We took them through the analysis and the need for change and getting the cost base down. We shared the analysis with them including the implications of what would happen if we did not change. There was an acceptance that there was a need for change but the price was that there were to be no compulsory redundancies.'
>
> (C M., Group Human Resource Manager)

Such an agreement has paved the way for an enduring good relationship between the unions and management – one that the actors indicate can be conflictual at times but has not broken down nor led to the abandonment of a partnership approach. There has also been a recognition that management style has changed and needs to be sustained. This meant that the union perceived the company to be adopting a 'hard variant' HRM style in the early period of privatisation but has increasingly moved to a 'softer' version as the composition of the staff has shifted proportionately towards a higher skilled one. The other factor is the recognition that the changing industry and new needs of it cannot be met by traditional 'command and control' managerial formats - hence from both camps there is the continued pursuit of partnership

BEST COPY AVAILABLE

arrangements that are best suited to these new circumstances. As seen below, this has meant a change in approach by both sides, but particularly marked on the union side.

7.3.1. Management approach

Since the time when the company was part of the public sector there has been much emphasis on formal structures of industrial relations and consultation. The Post Office, and later BT, inherited a set of structures that were already formed and influential. Much of the effort of the new HR management team has been to modernise these structures and make them more appropriate to the new organisation. Previously the Post Office was the site of a long running experiment using worker directors who were drawn from the trade union membership. In addition, there has been a long tradition of institutionalised and formal joint consultative structures in British nationalised industries and the public sector. BT inherited many of these structures at the group, divisional and local levels. Given the fast moving environment, both management and unions have sought to change the methods of partnership away from the formal and committee-driven format to something more responsive and flexible.

> 'We've taken a lot of the bureaucracy out. The traditional committees of the old public sector with the ritualism in industrial relations are gone. Now we are on an issue-driven agenda. The way we operate is much more open. There is more sharing of strategic information and there is more trust at the senior level.'
>
> (C M., Group Human Resource Manager)

While the worker directors are gone there are still important remnants of the joint consultation committee structures, but these are in the process of reform. The HR management indicated that this was one of the last places for formal employee participation 'where minutes are taken' within a structured setting. A revamp is now beginning to put all communications and partnership on a more open yet strategic footing where the inputs from both management and the senior trade union leadership can result in value-added for both sides. This means a model where senior management and the trade union leadership engage in strategic discussions on the major elements of group policy – resourcing, budgets, group results, quality plans, etc. At the moment the company is involving senior figures in dialogues and wants to develop a 'concordat' that enshrines the principles of the new partnership. To this end it has been using an outside consultant to help tailor a model of partnership and dialogue that is right for the company. Although BT belongs to the Involvement and Participation Association, an influential independent

BEST COPY AVAILABLE

group that has promulgated its own 'partnership approach', BT is seeking its own path to partnership, one that is best suited to the complex environment that it confronts.

In overall HRM terms the approach that has been adopted now emphasises the need for excellent relationships up and down the line, together with first class rewards, clearly understood roles and fair treatment. The package of policies will be familiar to those versed in the soft or developmental form of HRM:

(a) pay and rewards should be positioned competitively against the market place and at such a level as to attract, retain and motivate staff;
(b) job security is not guaranteed but the changes should be the least disruptive possible and achieved on a voluntary basis wherever possible;
(c) BT has an employee share ownership scheme of 2% of annual pre-tax profits. This move underlines the board's commitment to recognising the significant contribution that BT people make to the company's success and strengthens the link between company performance and individual reward;
(d) on health and safety it has adopted a wide-ranging strategy, *Health and safety 2000*, to promote this into the new millennium;
(e) the company is committed to providing equal opportunities for all its people and continues actively to encourage the employment, training and career development of people with disabilities;
(f) employee opinions are actively sought and an annual company-wide attitude survey. Some 75% of BT people participated in the last survey and results are acted upon as managers are required to develop appropriate action plans to address the issues raised by their teams;
(g) BT has formed a European consultative council that met for the first time in June 1996. This provides the opportunity for dialogue with employee representatives from the UK and other European operations.

7.3.2. **Other HR initiatives**

In its external communications BT promotes its relationship with its people as critical to the future. Its employee relations agenda focuses three main issues: ensuring that employees feel valued, on managing change constructively, and on creating an environment and culture within which every employee can maximise their contribution.

Much of the recent effort in the HRM department has been to educate and inform line management about the corporate stance and approach. This reveals a great deal about the professed nature of BT's employee relations. The intranet brief to managers states:

> 'Excellent employee relations is based on trust, open dialogue, listening to one another, learning from experiences and timely communications.'
>
> (Employee Relations/Industrial Relations, BT Intranet)

This is contrasted with 'industrial relations', which is described as the more formal relationship the company has with the trade unions and the associated information, consultation and negotiation channels that are used. On this front the company indicates that there will be active involvement of the trade unions and that:

> 'It is to be a cooperative relationship where formal and informal dialogue can take place with union representatives so that the company can work with the unions to further the commercial success of BT and deal with any issues that arise.'
>
> (Employee Relations/Industrial Relations, BT Intranet)

For most managers the relationship with the unions will be an informative or consultative one, as almost all of the bargaining over pay and conditions is centralised.

7.3.3. **Trade union approach**

The trade unions are being pulled into modernisation of the partnership arrangements just as much as the management. They have had to learn hard lessons in the past 15 years about the market and the impossibility of swimming directly against the tide. In British terms the two unions within BT are not traditional, inasmuch as they have been prepared completely to reassess their role and countenance a strategic change of direction. As part of that reassessment they have produced strategy documents that take critical and unflinching looks at the telecommunications environment. They have placed at the centre of these reviews the achievement of long-term sustainable competitiveness for the company and their members. This has meant adopting a partnership or 'stakeholder' approach which in BT terms means that the CWU sees for itself a role in developing a business that: meets customer needs, sustains employment opportunities, values, respects and rewards its employees, offers fair returns to its investors and contributes to the nation's economic and social infrastructure (Strategy document, CWU, 1997).

Such a change in thinking is profound and should not be underestimated. It also extends to rethinking the formats of the partnership that the unions should have with BT. The older formalistic mechanisms of joint consultation structures for indirect representation of staff have less support, especially in the telecommunications side of the union, while the Post Office still retains an independent TU representative on the board. The long quotation below is

BEST COPY AVAILABLE

reproduced to point out the degree of reflections about the type and scope of social partnership structure, its form and substance and how it might operate in the type of climate in which the company operates today and in the future. First, older structures such as worker directors and joint consultative committees are seen as too formalistic for the current dynamic market conditions. Second, the trade unions are signalling that they have to adopt a much more proactive position in relation to business decision-making.

> The model of partnership that we want is one in which the union leadership is involved in strategic dialogue with us. It is of value for them to meet with key board members or key heads of the company and discuss strategic issues and have an opportunity to influence them. What you want from partnership is at two levels - the strategic and the operational. It is about creating a win/win situation - they get flexibility and we get job security and possibly better pay and conditions. A lot of the institutional mechanisms for delivering partnership in BT have gone. I don't think that is a bad thing because they didn't create value for the firm or the union either. What is critical is keeping access to relevant managers at every level and building up informal networks.' (JD, CWU.)

7.3.4. **Principles of partnership**

The CWU is now looking at partnership in a more flexible manner: in the strategy document partnership is reduced to six broad principles:

(i) It should be efficient in the sense that all meetings and all correspondence should be time and resource well spent that genuinely advances the processes of understanding and agreement.

(ii) It should be consistent in the sense that common values and procedures should apply throughout the company and national agreements should be implemented in a uniform and quality manner.

(iii) It should be adaptable in the sense that changing circumstances should lead to changing arrangements following agreement by the parties.

(iv) It should be focused in the sense that time and effort should be concentrated most on those issues of real strategic importance.

(v) It should involve commitment in the sense that both union and management should devote the training, the personnel and the resources necessary to make the processes work to best effect.

(vi) It should involve trust in the sense that it must be possible to share new thinking, possible solutions, and sensitive information in the confidence that this will not be revealed or abused.

More specifically, the unions are looking for:

(a) early and open-minded discussions about problems before predetermined fixed outcomes;
(b) realistic timescales for negotiating and agreeing major change processes;
(c) greater use of joint workshops and joint task forces to address areas of particular challenge.

We cannot assume that this approach will just happen or that having happened, it will continue to function at optimum efficiency. Therefore, a regular audit of the effectiveness of the consultative and negotiating process is required. (Strategy document, CWU, 1997.)

The overall movement identified by both parties is towards a less formal, less structured but more significant dialogue. This underlines that the existence of the trappings and structures for employee participation do not in any sense guarantee the existence or vitality of dialogue within them. Hence the search is being continued to develop a format that provides for a vital and real social dialogue. This sometimes results in what looks like a reversal of the normal stereotypes of management and union behaviour:

> 'All I would say is that besides working out the strategic view, I think that the union leadership is more future-oriented and willing to accommodate a lot of changes. BT is much more short-term and that means that the staff will suffer. We are saying that if you look to the future you will need to do certain things to be successful and competitive. This means telling people that life will change in ways that will not be easy.' (JD. CWU)

Allied to this partnership approach is the development of a 'proactive bargaining agenda'. What the CWU means by this is that it needs to avoid reactive and negative stances in the face of change and should instead be 'seeking to maximise the advantage that can be extracted for our members from any given situation'. Such an approach does not imply that there will be no conflicts or disagreements, but it does indicate that the issues for discussion and the method of their resolution will change. It means identifying issues for the bargaining agenda that reflect a more critical examination of the BT business plan. The strategy document identifies issues of costs, quality and customer relations, the external labour market and changing skills as areas for union concern. On resourcing they point to the use of too many contracting and agency staff, direct labour replacement

BEST COPY AVAILABLE

and poor managerial staff. Such a broad and business-oriented agenda is a departure and, at the same time, a challenge to the unions to develop expertise in areas previously alien to them. In such a future-oriented and business-supportive agenda training and skills development stands out:

> 'The ability of individual members to obtain quality training in order to re-skill for the future is fundamentally important. While the issues of relocation, personal rights and voluntary release on good terms are extremely important, the availability of training and retraining has critical importance for our members.'
>
> (Strategy document, CWU 1997)

Such a recognition places training and the learning organisation at the critical juncture for both management and the unions.

7.4. Conclusions

A number of significant conclusions emerge from this study. The first is the importance of partnership both in the stable or good times and in periods of job reductions and 'hard times'. Partnership of whatever sort is not only a 'good times' option but is vital in this sector across the period and the case shows how in the fifteen or so years since privatisation, partnership policies have emerged to buttress business strategies and, crucially, to realise them.

Every case study bears the imprint of its environment and market place. BT appears driven by constant and sustained external change of such a force that the company now bears little relation to its predecessor of a decade ago. That recreation of itself affects the whole gamut of policies and practices – management style, management approach, values and expectations. In a similar fashion the union has made an equivalent journey but one that might be seen as more radical, changing from reactive to proactive, from operational fire-fighting to strategic intervention, from pay and conditions dominated to developmental and training-oriented.

This chapter also highlights the centrality of learning, training and competence development. All of the senior figures in the company management and in the trade unions saw this as the issue for the next five years. For the management it was seen as a competitive issue, one that allowed them to achieve an adequate and growing market position. For the unions it was about the survival of their members and the unions themselves. They have been made forcibly aware that the non-union approach is a possibility with all of the ramifications that such a sudden decline would mean. The criticism the unions still have is that the transition within the

market and the unions has not yet been fully matched by management – especially at some senior and middle grade levels. Here, the quest to pursue shareholder value remains and this nullifies much of the rationale for a high skills and high value-added workforce and results in further headcount reduction options being pursued.

In terms of partnership this case represents a model that will have lessons for organisations facing sustained change and are unsure of the mechanisms to manage that. The past formats of partnership that were indirect, institutional and formal have been discarded by both sides as unnecessary and rigid in the telecommunications climate. The strategic partnership that they are evolving is much more difficult to characterise as it lacks the clear mechanisms and rule-bound behaviour of its predecessor. However, the flexibility and adaptability it seeks makes those older formats largely irrelevant and harmful. It is yet to be seen how these newer formats will fare and develop in the future. At present both the management and the trade unions appear to have a pragmatic recognition that such partnership is difficult, that it cannot eliminate points of conflict and yet it is essential if their efforts are to be realised.

The case also points up the difficulties brought about by complex periods of change. These are illustrated in the union case by the different constituencies within the union and how they respond to the changes. Paid union officials, the lay executive, the activists and the broad membership are credited with different perspectives on the situation. Paid and senior unionists have to tread a fine line between 'sounding like management' and representing the different needs of the membership around the traditional agenda of pay, conditions, hours and pensions. Equally, senior and group management related how they too have a difficulty in relaying the rationale for changes to middle management whose pressure to realise performance targets sometimes overrode the imperatives for development of staff.

For the union in particular, the case represents a sea change in approach to jobs and one that causes it some problems. When asked what was it that is most difficult about the new partnership approach the union respondent indicated that if the union is to engage in strategic discussions then it has to take on board new burdens and responsibilities:

> 'You have to take the debate to a higher plane. You have to embrace the issues that concern the board and how those can be addressed rather than saying this is an unfair way to treat the employees. You've got to be able to say: "Look I think that you are wrong in the mobile market because of this" or "We have looked at your pricing policies". Then you are engaging them because you are talking about the

BEST COPY AVAILABLE

commercial issues that affect them. That's hard work especially, at a time when the union's resources are declining. The biggest stresses in my job are not the membership or industrial action issues; it is finding the time to intellectually prepare for the strategic dialogue with management so that I have a command of the issues and a confidence in our strategic sense. That's what gives me headaches.'

(JD. CWU)

If this case is illustrative of a wider movement towards more flexible and strategic forms of partnership around skill needs, then these problems and headaches may be confronting more trade unionists in the future.

CHAPTER 8

Banking on learning – the Deutsche Bank Corporate University

Daniela Reimann

8.1. Introduction

This chapter has its origins in the Leonardo da Vinci Programme survey and analysis project *Partnership and Investment in Europe* (PIE). It presents a case study from the Deutsche Bank, describing how it is handling its transition to more flexible and open structures with increased customer focus through learning programmes for its staff.

In Germany, as in the rest of Europe, there is little doubt that banks are changing rapidly. This change is being driven by the application of new technology, market deregulation, internationalisation of banking and the impact of the European Single Market. Banks are confronting the need for innovation and adaptation to maintain and improve competitive capacity, marking the thrust towards a new commercialism, previously largely absent from the corporate culture of banking. New modes of service/service delivery are emerging, reflected in novel organisational strategies and human resource policies. Banks are increasingly having to align their human resource management (HRM) more closely with changing business objectives. They must reposition themselves *vis-à-vis* the external labour market in ways that are likely to alter substantially traditional employment practice. Internally, there are fundamental changes underway involving a radical shift in the functional emphasis of banks away from 'production' of services (back-office functions) towards customer assistance, sales and product development (front-office functions). The ability of banks to effect such change is tied inevitably to the capacity of their human resources to facilitate and foster change. This requires a thorough transformation in the content and organisation of the industry's labour input.

This chapter focuses on the corporate university and the Columbus project developed at Deutsche Bank and describes the new opportunities and constraints that are opening up and are linked to social partnership negotiations. In the German context this is a highly innovative approach as it goes beyond the formal structures for vocational education and training. The tensions within the dual system in Germany are leading companies to develop enterprise-specific training and learning programmes. As the case of Deutsche Bank shows, this is instanced by the development of corporate universities, company agreements and learning organisation arrangements. Such developments as these indicate a growing differentiation between enterprises and the traditional German training system. At the same time, these developments are encouraging the growth of new skills not normally provided within formal training structures. The challenge for German companies is to create their own tailor-made arrangements to foster generic skills such as interactive learning and team-based competences outside the competence of the national system.

8.2. The Deutsche Bank Corporate University (e-dbu)

The corporate university of the Deutsche Bank (*e-dbu*) was conceived as a response to the training needs of the organisation. It was initiated as a system that would integrate education in the workplace and is the overarching structure for all activities in further education and training in the bank. The philosophy behind the idea of the corporate university arises from the need for staff to become mobile inside the enterprise. 'Mobility' is viewed as synonymous with flexibility, and with the change of structures and inner mental models that staff hold. The underpinning concept of the corporate university is based on the need to move away from an 'entitlement culture' towards new flexible forms of learning based on self-responsibility of employees as well as on the readiness for them to take on lifelong learning and flexibility in terms of mobility. The concept is very different from the formal German vocational education and training system that is characterised as occupational rather than competence-oriented. It has been influenced by American corporate thinking which has, over the recent past, seen the inauguration of such 'universities' in a number of large US enterprises. The intended impact of the university and Columbus – a digital platform to facilitate learning – is the creation of a faster response to filling skill gaps and a faster organisational response to innovation.

146

8.2.1. Implementing electronic media learning technologies

New means of learning were needed to put together technology and learning packages. Much can be said about the opportunities and advantages that multimedia technology is offering to support in-company learning policies that facilitate both individual learning and the learning of (distributed) groups. However, the introduction of new technologies for learning triggered by e-commerce has created the potential for helping employees to adapt and update their skills quickly resulting in a higher mobility of staff. Filling skill gaps by means of on-the-job learning on demand is common practice at the bank. The digital education platform, 'electronic Deutsche Bank university' (*e-dbu*) was consistent with this approach as it is in the interest of the bank to make employees 'employable' and the interest of the employees to maintain their employability. Training and learning supported by electronic media plays an important role within this process. The new training concept entitled *Vocational training 2000* includes innovative learning methods such as computer programmes and specially designed business courses (Deutsche Bank, 1997: p.28). Bank documents indicate how different kinds of technologies and new media are being used in training and learning at the Deutsche Bank:

> 'Thus our learning structure is composed of the most diverse training methods. On the one hand, [...] we distribute 'know-how' through 'classical' seminars and workshops on behavioural subjects, specialist topics and inter-cultural issues. On the other hand we are doing more and more training via our world wide video-conferencing system, with video and audio cassettes and self-study packs, which come either in paper-based or PC-based form, with online tutorial help. We use action multiplier systems, provide coaching on the spot, and employ (TV) planning games and business TV as a tool to provide speedy and uniform distribution of information.' (Service centre training systems, 1997)

Since 1989 Deutsche Bank has created four hundred multimedia-based learning stations that are distributed all over Europe. Following an evaluation of different forms of provision, the bank concluded that it was possible to replace certain training programmes traditionally delivered through face-to-face sessions by computer-based training (CBT). By introducing CBT learning systems, the bank was able to increase the efficiency and effectiveness of training and thus improved access for all sections of the workforce. There are now fifty different computer-based training programmes. Following a self-learning phase, employees are required to attend a face-to-face follow up course. The seminar is a tool for quality control to ensure that learning has been achieved. Evaluation programmes

BEST COPY AVAILABLE

carried out at the bank have indicated that multimedia learning programmes should always be combined with face-to face seminars. A test has been carried out to examine the learning efficiency of business TV comparing two groups. One group participated in a four and a half-day seminar, while a further group learned by means of business-TV together with a one-and-a-half day follow up seminar. The learning efficiency was found to be identical.

8.2.2. **Learning at the workplace**

Workplace learning is a big issue for the corporate university, which uses a wide range of ICT based tools such as video-conferencing, study texts, CBT and Internet/intranet learning. In the past, learners worked independently on self-study material. *e-dbu* now plans to accompany all e-learning by coaching. Learners will be able to communicate with the authors of the study texts by e-mail who then answer the issues within a pre-set time, thus improving the likelihood of learning taking place effectively. In this model, the manager's role is one of personnel consultancy throughout the learning period. The coach will also be involved in the virtual phase to prepare the participants for face-to-face events and will be included in the quality assurance system.

The *e-dbu* has also developed CBT 'partner programmes' that are basically 'learning-buddy' systems that connect on-line two or more partners from different subsidiaries. The idea of supporting distributed group work is an important issue for future learning structures and environments. According to the bank's in-house unit Learning and Development Worldwide, the *e-dbu* intends to develop and expand these learning partnerships, to form virtual communities and to encourage communication. The aim is to foster learning across the organisation, facilitate the exchange of knowledge and foster the development of new knowledge. A key element is building the knowledge management system in such a way that technical tools and processes are integrated into meaningful learning opportunities for the users. The bank sees this as an important step towards becoming a learning organisation.

8.2.3. **The Columbus project**

The first phase of the corporate university was the introduction of the Columbus system in partnership with the University of Hagen – a university based on distance learning. Columbus is a technical platform, which is described as a decentralised, universally available system that integrates different media and provides a total service for initial and continuing training. Columbus is currently being tested at fifty different locations in the Wuppertal area in North Rhein Westphalia.

148

The bank sees the Columbus platform as a tool to facilitate in-company communication and information flows. According to the bank, it is reaching spheres in the company such as learning networks and team based arrangements that are prime candidates for support by those electronic media. The bank sees the introduction of these tools as an approach towards the learning organisation (Columbus CD-ROM version, 1997). By means of bringing together all media-services on one platform a basic tool for the learning organisation has been developed. The bank even stresses Columbus as being a 'de-central universal tool of control, which integrates all educational offers and services of vocational and further training.'

8.2.3.1. *Services Columbus offers*

Based on a client-server architecture, the application allows for different services. The graphic server makes available a comprehensive view of all internal and external training courses. It gives advice in choosing and combining suitable units (video conferencing, email). The learning plan manager allows the user to create an individual timetable of all units chosen (diary with online connection to seminar exchange, organising available seminar places). Another service available is the overview of costs accruing to the training units chosen (individual training account). Online booking for training events, including administration (online connection to seminar management) is supported by the system as well. In addition, information is available on the seminars, such as topics, structure, trainers, how to get to the location where it is taking place, etc. (online connection to seminar management) is provided by the server. All individual study media (CBT, video, business TV, electronic certificate of apprenticeship) can be accessed and processed directly from the learning plan manager. All modern media features, such as video-conferencing, email, screen sharing and discussion forums are integrated into the learning scenario. Also online tutoring is facilitated to support students in individual study (video-conferencing, email, screen sharing). A space for asynchronous forms of communication, such as newsgroups as a platform for expertise, is available to allow for developing discussion fora. This is an important issue in the framework of learning in distributed groups, especially in the context of internationalisation. Further services available are the blackboard (pin board) for information exchange, finding study partnerships, etc. (communication forum) as well as an online library with a specialist dictionary, further literature and links to information sources on the intranet and Internet. The system also includes a feedback system for students and their managers to support on-going quality control and quality improvement (electronic questionnaire, email). Help in orientation

and general information is provided to increase individual learning capability, such as info-film, guided tour, news, hotline (Service centre training systems, 1997: p.5)

The bank believes that the introduction of Columbus means an increase in the flexibility of workforce both in terms of working and learning times (at the workplace), which are becoming increasingly integrated. The bank has launched the implementation of the platform by stressing the benefits for the users as well as for the bank. For the learning process this makes all training provision transparent and provides further qualification plans tailored to the individual. It is stressed that it enables quick access for the learners to CBT, study plan and business TV by integrating all these media. Learning and accessing information can be done on/near the job, meaning that new situated knowledge or a knowledge up-date can be accessed at any time. Tutors or training advisers can explain course contents at any time by video conferencing or email. Learners can study on their own or in (worldwide) study partnerships.

The bank also sees the advantages for training professionals in that the platform enables consultations and tutorials to take place by video-conferencing direct at the workplace. It also allows additional participants to join the conversation at any time. There is an up-to-date overview of all training courses supplied by both Deutsche Bank and external training organisations. All training courses are categorised according to search criteria (target group, target standard, training method, etc.).

For supervisors, the bank stressed the point that staff will become responsible for their own training programme, thereby removing pressure from their managers. Also it is emphasised that staff can receive advice at personnel development interviews. Personal tutors and educational experts can be brought into the personnel interview at any time by means of video-conferencing. There is transparency for all training activities budgeted or taken up at the relevant cost centre. Further advantages, indicated by the bank, are feedback and assessment forms, which are dispatched automatically thus supporting evaluation activities and knowledge transfer. Additional advantages identified by the bank include: documents can be drawn up and modified by several people at the same time, thus speeding up agreement processes; communication will be improved by using world wide video conferencing at the workplace; learning and working will be integrated, thus enabling learning processes to proceed in conjunction with the bank's full working capacity; absence from the workplace will be reduced and the amount of administration in the training section will be reduced (Service centre training systems, 1997).

All of these advantages are related to issues relevant for the education of a flexible workforce such as time and location and quicker access to resources for learning, which are factors to reduce both costs for training by integrating the areas of working and learning. The bank emphasises that Columbus is based on the vision of a flexible workforce:

> 'The general economic development is characterised by short product life cycles, constantly changing workstation requests and increasing competition. To make the employees fit and keep them fit is one of the main tasks of industrial training/education. Within the qualification race, factors like 'time' and 'speed' increasingly come into the foreground. Training, communication and information have to be available just in time at the workplace'. (Columbus CD-ROM, 1997).

8.2.4. **Business TV**

Business TV has been developed in the bank's retail banking business division. This is a private TV station that regularly informs staff about in-company news such as organisational changes, future redundancies and so on. At Deutsche Bank there are two studios broadcasting from 7a.m. until 7 p.m. every day. The programmes are available to all employees through an intranet. The main channel is a news channel that is transmitted by satellite and received via decoder in all branches. The transmissions are repeated regularly so that all employees can access it in line with their workload.

Business TV also offers a learning channel, which is seen as increasingly important and which is predicted to have a big impact on learning structures in the future.

Approximately 1 500 branches are currently equipped with satellite-receivers and every branch is provided with televisions placed in each different department. One of the channel's innovative approaches is to ensure feedback from the sender to the listener, which is technically supported and provided in real-time, synchronised with the programmes. The retail banking division's private and enterprise customers can also use the channel for learning and for broadcasting internal bank items.

The staff communication department also uses the channel as a 'speaking tube' for communicating with the employees, for example by doing on-the-spot interviews with staff on current issues at the bank. This is a way of gauging employee satisfaction with particular internal company developments.

BEST COPY AVAILABLE

8.3. Learning and workforce issues

To handle the quantity of work with a given capacity of staff according to each business requirement (from periods of low orders to periods of high production) the bank has introduced a 'mosaic for employment and education' in order to organise its labour reserves both inside and outside of the bank. The mosaic is the overarching framework for employment and learning. It covers such items as: vocational retraining; outplacement; outsourcing; new flexible concepts of working times; entrepreneurship; pre-retirement part time work; and job agency mediation (transition to other companies/ to other sectors).

In order to develop flexible workplace-oriented learning on demand, just in time and on the job the mosaic for employment and education has been introduced to handle 'employment security' both inside and outside of the bank. With approximately 8 400 seminars a year involving 42 000 participants in addition to 30 000 participants on computer-based learning programmes (in 1997) the department for education at Deutsche Bank itself is a huge industry.

The concept consists of flexible work/time models, part-time work and an internal job market available on the intranet called 'intrajob'. In cooperation with the external work agency 'Manpower', 'Bankpower' was founded to place and retrain redundant staff for other jobs external to the bank, this move is a highly problematic one for the unions. By introducing the initiative, employees who are faced with unemployment can be placed in other departments of the bank. The bank is maintaining its own company-related labour market by offering those faced with unemployment a possible linkage to the company and potential reemployment if there is a continuing need for employees in the future. The union's concerns are that employees who have been sent to other sectors might be returning to the bank on a freelance basis and have poorer contractual conditions without their previous conditions of employment. The trend to move away from traditional contracts towards an entrepreneurialisation of employees is seen critically by the union as the bank might avoid both monetary compensation linked to dismissals and social security contributions.

8.3.2. **Work councils concerned with education**

Industrial relations policy in Germany is governed by the status of the employees. The German model is based on a dual structure of interest representation, which means, in concrete terms, a separation of workers'

representatives at the workplace level and the collective bargaining system which tends to be trade union based.

At the bank, different committees are concerned with education. One of them is the committee for vocational education and continuing training (*Aus- und Weiterbildungsausschuß – AUWEIA*). It is part of the main works committee (*Gesamtbetriebsrat-GBR*) with responsibility for apprentices and training. It consists of six representatives of the different regions and the meetings take place twice a year. The bank introduced the Columbus project at two meetings. The bank sees this as an innovative development towards a learning organisation and as a means to get qualified employees just in time and on demand. The union and representative committee see it as a highly problematic issue for negotiations and have drawn up a draft agreement concerning the main issues for negotiations in the context of learning initiatives set up by the bank. The following issues are on the agenda.

8.3.2.1. *Assessment of learning versus testing of employees' learning*
Steps of learning assessment will be integrated within the learning modules developed and offered by the bank. Testing scenarios are introduced to guarantee that learning has taken place - in other words that the participant has understood the content. According to the bank, testing scenarios in the context of learning have not yet been carried out. Consequently, the works council also calls this new development 'learning assessment' of the employee rather than testing of the individual's learning success. The unions' have misgivings that these testing surveys, which the bank insists are being developed to ensure knowledge is acquired, might be misused as a means to select staff according to effectiveness.

8.3.2.2. *Selection of employees for training*
The union is seeking to develop selection criteria in the context of providing employees with further training. To date, these have neither been identified nor agreed between the social partners.

8.3.2.3. *Learning during work or at home using electronic self-learning tools*
The issue of learning by means of electronic media is linked to negotiations concerning working times. This does not include exemptions from daily work but could mean additional work time and workload for the participants. Reaching an agreement concerning content and broadcasting to groups of employees will be an aim of the union and has not yet been agreed upon.

8.3.2.4. *Confidence-based working time*

The bank has introduced an agreement they call 'confidence-based working times'. The bank views flexible working time as being to employees' advantage. Time cards have been introduced by the management, initially to the displeasure of staff, though these have now become an issue the union wants to protect because they want proof of the real working time involved. The union is concerned that the introduction of 'confidence-based working time' might not be a positive change for staff if they might not document the real unsociable hours they work.

As the bank explained, this is supposed to be based on the idea of a climate of confidence in which the employee takes the responsibility for when to work and learn. The aim of the bank is to get 'confidence-based regulation' in order to increase flexibility. The union is worried that employees would work more than obliged to without getting paid for unsociable hours.

8.3.2.5. *Rewarding of learning versus new pricing models*

One of the main issues for negotiations is 'awarding of learning' and pricing of learning. From the bank's point of view, learning in the workplace brings with it a danger that learning might only take place en passant - in extreme cases perhaps not at all. Therefore, pricing-models have been generated which price learning with business TV and CBT programmes in order to provide the media with a value. It is the bank's contention that, in the future, users of electronic media should pay for these services. For the unions this is a highly problematic issue for negotiations. Currently, employees only pay for face-to-face courses using a 'learning account' that is held for everybody at the bank's internal cost centre. However, in the future participants will have to 'pay' for the use of the CBT programmes as well. The current 'performance-oriented salary', which is graded into nine groups of occupations and also of job experience, will be replaced by a new system that the bank calls analytical job assessment. It is a performance based and results-oriented compensation based on a model that differentiates the jobs in categories of knowledge, thinking efforts and responsibility. According to this model, employees will be valued by means of a scoring system. The union has criticised this development because of difficulties in placing values on many of these issues. They want the development of effective benchmarks that overcome the problems associated with only evaluating work by its output and results. The union is convinced that valuing work by results may result in employees being held responsible for forces beyond their control that include restructuring programmes inside the enterprise.

154

8.4. Conclusion

The research undertaken at the bank shows the dynamics and complexities at work both within the sector and in the area of learning for change. Most of the issues involved are perceived by the union as being highly problematic. Readiness for lifelong learning, instilling a learning-to-learn orientation and the ability to use new computer-supported technologies have already become important labour issues for employees. The problematic issues mentioned earlier are under negotiation between the social partners using formal bargaining structures. The increasing implementation of electronic media in training and learning requires a new overarching concept, such as the corporate university, to put in practice the whole gamut of the new forms of learning. To bring the idea into being, a number of issues linked to it such as the development of new working/learning time models and the introduction of new rewarding systems for learning have to be negotiated and clarified between the social partners.

The case of Deutsche Bank shows that both training and learning formats and social dialogue arrangements are well developed in terms of formal structures at the bank. However, there is less intimate involvement of the unions in the actual operation of training and learning arrangements. This aspect requires the development of learning networks and team-based arrangements within the bank, benchmarks for learning, the prospect of new communities of practice, structures of communication and, most difficult, the inauguration of a new culture.

We found that the company's attempt to move away from the traditional entitlement culture and create a more competence-oriented organisational culture is linked to the issue of performance-oriented payment negotiated by the social partners as described earlier. The current change in organisational culture is seen by the bank as being a dynamic process, which takes time to put in place and has to be implemented step by step. The new issues regarding new forms of learning have to be negotiated between the social partners. While the union and representatives are proactive and have drawn up a draft agreement concerning the main issues for negotiation concerning learning initiatives, a number of issues are still as yet undecided. One important influencing factor in any discussions will be employment security as the bank announced a reduction in staff by approximately 8,000 worldwide. The union wants to distribute the reduction of working hours over the whole staff, introduce a sabbatical year and educational leave, to reinforce its beliefs in the increasing importance of lifelong learning. In doing so the

155

unions are consciously merging industrial relations issues and learning arrangements within a broader perspective. It may be that the process of agreeing the next stages will be a crucial one for the bank and for its system of social partnership.

8.5. References

Columbus CD-ROM by M.I.T. Interlaced knowledge systems by the example 'Columbus' of the Deutsche Bank. Demo version, 1997.

Deutsche Bank. *Annual Report*. Frankfurt, 1997.

Multimedia and professional training at the Deutsche Bank. Service Centre Training systems, Deutsche Bank, 1997.

What advantages will Columbus bring? Service Centre Training systems, Deutsche Bank, 1998.

Multimedia and further education at the Deutsche Bank. *Homepage of Who is who in Multimedia* http://www.whois.de/Bildung/Text19de.htm.

Service Centre Training Systems; The learning structure for the Deutsche Bank: information business. In: *Multimedia and professional training at the Deutsche Bank*, 1997.

CHAPTER 9

Stimulating a thirst for learning – the case of the Guinness Dublin brewery

John Findlater

9.1. Introduction

This paper deals with the manner in which the Guinness St. James's Gate brewery in Dublin progressively developed a learning culture between 1993 and 2000 [13]. Following this short introductory piece, we review the focus of the Guinness business plans and outline how training and development strategies were aligned with these plans. In section three, we identify the conditions that were already in place before the plans were implemented. The fourth section describes a wide range of interventions introduced including change management, education and workplace learning. The final section audits the current learning climate in Guinness in terms of the impact on the organisation and the significance of the above mentioned interventions for the employees.

9.2. Strategic plans

9.2.1. **1970-92**

The Guinness Dublin Brewery is a traditional brewery that has been located on the same site since 1759. Over the past thirty years there has been a major investment in the automation of the plant. This has had a major impact on the nature of work and the technical skills needed by the workforce to function effectively within an automated plant.

From 1970 to 1992, a series of business development plans were put in place to anticipate the following challenges: reduce costs; down-size; re-equip; address unit costs; make major plant and process changes; enhance quality; reduce waste; retrain; restructure; and contract out non-core

[13] Guinness acknowledges the support received from the European Union via the Adapt programme. This paper outlines the results of several Adapt projects.

activities. Guinness learned to plan ahead, anticipate the need for change and to move early while the business was in a strong position. Effective communication was needed to help people understand the business case. It was necessary to enlist the support of all the managers and good leadership from both management and the trade unions was required.

9.2.2. **Plan 2000 (1993-2000)**

The unique feature of this plan was that it was not imposed from the parent company in London but was designed by the management team of a subsidiary company (Guinness Dublin brewery) who then managed upwards and gained approval for the plan from the parent company. The management team of the subsidiary had undertaken extensive research and come up with a detailed implementation plan. This plan, unlike previous plans, was about significant changes in management structures and work methods. The objective was to try to ensure the long-term survival of the Dublin brewery as a premier production unit within the Guinness organisation. The reasoning was that those businesses that can demonstrate quality of production, flexibility, speed of response and value for money can survive into the 21st century. The Guinness Dublin brewery aimed to be there ahead of the rest. The plan put forward differed greatly from previous ones, as it was not just a cost-cutting or job reduction exercise, but was based on a vision that Guinness Dublin was to become the 'best brewery in the world'; and to achieve this vision, it was recognised that business will have to be carried out in a fundamentally different way.

The plan proposed changes in virtually every area of working life in the brewery. It was based on an organisational design with flat structures and highly developed work teams possessing the necessary skills to make important decisions and having 'an own-business approach'. It encouraged a new learning environment and provided facilities for renewal, re-skilling and self-development. A key component was the move from an overtime culture to an annualised hours contract with no overtime payments.

9.3. Guinness traditions

9.3.1. **Long-serving employees**

For over 200 years the Guinness brewery at St. James's Gate Dublin was a labour intensive traditional brewery in which the workers were part of a family group living in the neighbourhood. The emphasis was on traditional manual skills and jobs were handed down from father to son. Guinness workers

enjoyed the generous facilities of the Guinness family, which could be described as paternalism at its most positive. Then, in the last thirty years the brewery made a transition by investing in new technology to become a world leader in state-of-the-art brewing. Imagine what this was like for those craftsmen and operators who had traditional skills. The changes facing them are outlined in Figure 1.

Figure 1. **The change process**

FROM	TO
Repetitive tasks	Problem-solving roles
Many layers in organisation	Flat organisation
Little responsibility	Taking responsibility
Heavy manual work	Thinking and decision making
Physical tools	Mental tools and mind-maps
Significant overtime	Annualised hours contracts with no overtime
Narrowly defined jobs	New expanding roles
Skills not matching needs	Adaptable people constantly learning

Current employees had worked in the brewery for many decades. A large reduction in numbers had taken place in recent years. Twenty-five years ago more than 2 500 people worked in the brewery, quite a difference from the current headcount of 350. Over the same period, the output from the brewery only varied within a 10 to 20 percent band. More than 70% of the current workforce have more than twenty years service and over 80% are over 35 years of age. With a greatly reduced workforce, everyone's role has changed. In these circumstances there was a recognised need for employees at all levels to further their formal education, acquire new skills, progress their development and participate in brewery development activities.

9.3.2. **Facilities**

When the majority of Guinness workers lived in the locality of the brewery, the best pupils in the local schools sat a competitive examination at the age of 14 years. Those who achieved high marks in these examinations were offered employment. This employment was highly sought after, because it meant a job for life and membership of the Guinness extended family. Once

the Guinness family had taken in an employee, it invested in his/her welfare with a range of educational opportunities, social activities such as music, theatre, film and offered a huge range of sport facilities, including gymnasium and a swimming pool.

Guinness traditionally looked after the welfare of its employees in an exemplary way. For example, in 1901, Guinness had a medical department, that included a social worker and a medical dispensary. When the dispensary moved to new facilities in 1968, the vacant building was converted into a large training centre. The training centre acted as a symbolic focal point for learning and was started by six people.

9.3.3. **Social partnership structures**

The brewery's aim was to improve the industrial relations climate through debating a range of issues outside formal negotiation structures. The Brewery Council played an important role from 1977-92 as a forum for involvement and participation between management and representatives from all sections of the brewery (Coldrick, 1989). The Brewery Council was inaugurated in 1977, consisting of 21 members representing seven categories. The council met eight to ten times a year and a two-day review was held annually. Six sub-councils were set up dealing with: general purposes; health and safety; welfare and social; pensions; economic; communications; and departmental involvement (Dept of Labour, Ireland 1989). By 1989, the achievements of the Brewery Council were seen to be as follows:

(a) better relationships between the different unions themselves and with management;
(b) the departmental involvement group made excellent progress and helped the company to survive many job losses;
(c) better communications throughout the company;
(d) greater understanding of the company's business;
(e) council reports and information helped increase general economic and social literacy.

The 1992 annual review stated that: 'the Brewery Council's structures provide the opportunity to work closer together for the benefit of all. While it has been very successful in the transfer of information, it has been significantly less successful in the decision making process and in the planning and development of the company for the future.' When one identifies the people leading and influencing change today in the brewery, whether in their roles as managers or in a representative role, there is a strong correlation with those who actively contributed to Brewery Council

committees. The Brewery Council provided a forum for those at the bottom of the organisation to practice influencing from the bottom-up.

From 1994 onwards the Brewery Council championed the need for European works council. By 1996, a voluntary agreement was reached with the company using the option outlined in Article 13 of the EU Council Directive 94/95.

The key features of the agreement were that it covered the entire workforce of Guinness operations in the European Economic Area. An information and consultation forum was set up for management and representatives to meet to engage in dialogue about business performance and prospects. This was not a forum for collective bargaining but rather a mechanism for employee communication to ensure that employees and their representatives are informed and consulted on issues that relate to their company. Confidentiality provisions were built in.

In 1997, Guinness (worldwide) and Grand Met (worldwide) merged, creating a new parent company named Diageo. As a consequence the 'Diageo Europe Forum' was established representing all employees of Guinness and Grand Met in Europe.

9.3.4. **Education policies**

Up until the mid-1960s those who joined Guinness were strongly encouraged to continue their formal studies (group certificate, trade exams, apprenticeship, leaving certificate or city and guilds exams). The Company provided educational awards to those who passed their exams. Evaluation undertaken twenty years on showed that those recruited at 14/15 years of age, who still work in the brewery, have tended to progress further up the organisation than those recruited at 18/19 years of age. This is partly attributed to the 14/15 year olds becoming more 'streetwise', knowing how things get done, having a large network of contacts and completing their formal education through company funding and awards. They knew they had no option but to study if they were to progress and gain promotion.

By 1970 there were clear indications that an educated worker was valued:

> 'One can see difficulties in expressing a clear distinction between 'Training' and 'Further Education' but for the purposes of this exercise it is convenient to distinguish one from the other. Training is something imposed on personnel by management with the clear aim of improving job performance. On the other hand 'education' is something that personnel volunteer for with the primary object of improving themselves but with the residual result that the 'added-value' would rub off to some extent on the Company.' (Guinness training manager, 1970).

BEST COPY AVAILABLE

A 1970 review of the education grant scheme considered the case for funding courses such as bee-keeping, Byzantine art and hunting. It debated whether the Company had social obligations towards making its personnel 'better citizens'. However, it concluded 'this would lead us into such a wide field of activities that would leave ourselves open to the possibility of spending money with disproportionate returns to the Company on the investment. In the middle of a cost-reduction exercise, this is difficult to justify.' Based on this viewpoint, sports and hobbies were excluded from the scheme.

Guinness monitored the progression of those who availed themselves of education grants in the 1970s and who remained employed by them. From a sample of 57 apprentices and general workers, who used the scheme in the 1970s, 30 of them are now in management positions and could be deemed to have 'improved themselves for the benefit of the Company'. The remainder are either skilled craftsmen, maintaining highly automated plant, or process operators in the automated plants.

In 1992, several distinct education schemes were in place for different categories of employees. These were later merged into one scheme for all personnel. At first there were instances of managers receiving higher levels of grant that those on the shop floor for the same course. Passionate letters, from those that were at that time on the shop floor, eloquently put their case for equal access to grants. The education grant scheme is still in operation and approximately 20% of the workforce has received a grant in the last five years. This has proved an invaluable method for persuading employees to take responsibility for designing their own personal development plans. A spin-off for the company is that nearly all the study is done outside of work hours.

9.4. Learning interventions initiated since 1992

9.4.1. **Change management**

In this section we identify the experiences and ideas that influenced our thinking leading to a Guinness way of managing change. Throughout the 1990s there was significant funding from the European Union for networking and partnership approaches to improve ways of managing change. This enabled a change management team to develop an approach that focused on processes to help individuals change rather than just focusing on organisational development.

Late in 1992, the Guinness brewery's quality system was accredited to the ISO 9002 standard. This provided a sustainable formal system for maintaining the integrity of the training system. The key features were a

development policy, training needs analysis meetings, training plans and training records. The programme of internal and external audits ensured procedures were complied with and continually improved. Some thought that once the ISO system was in place we could relax while others realised we were only at the starting line. It was quickly recognised that this system on its own would not significantly change work practices. A comprehensive business change plan was needed so a change team was formed. Key personnel were released from their line roles to work on the change plan, and were supported by 40 line managers who volunteered to contribute to working parties addressing key parts of the plan.

The change team started to network and learn from other industries. Site visits to the following multinational companies were organised – Aughinish Alumina, Intel, Amdahl, Analog Devices, GE Superabrasives, Avonmore, Hewlett Packard, Golden Vale and Sifa in Ireland and Nissan in the UK. We openly shared knowledge and experience with HR professionals in those organisations. We benefited from participating in successive HR/ training and development networks (Business Process Improvement Network, Change Management Network, European Consortium for the Learning Organisations and later the Adapt Project Networks and the Train the Trainers' Network). Other means of networking were supported through participating in evening seminars organised by professional bodies e.g. Chartered Institute of Personnel Development, Excellence Ireland, Irish Institute of Training and Development and, in addition, through attending business breakfast briefings by HR consultants. It was easier for the change team actively to network than those on a shift roster in a production area. The training and development team formed a reading group examining new concepts for championing employee development.

We used different approaches in each area of the brewery. Often a training intervention was opportunistic rather than structured. We did not wait for a top-down intervention but we devised bottom-up solutions. The old classroom style training sessions were seldom used. Learning events were designed that were interactive, fun and memorable. We were apprehensive about drawing attention to what we were doing in case the training budget was reallocated to those in executive positions. At that time our activities were considered as radical. Ten years later they are the norm in many organisations. More recently, the trend has been for Diageo (our parent company) to develop human resource policies and then rely on professionals in the different business units to implement them. To ensure that the organisation is not reinventing the wheel across its many locations, processes were introduced to share expertise and knowledge between

different parts of the business. Diageo introduced a knowledge management site on the Intranet with shared files on training materials.

We participated in dissemination events and thematic workshops organised by different European Union grant-aided programmes (Force, Eurotecnet, Fast, Socrates, Leonardo and Adapt). The European Union Eurotecnet programme (Stahl et al., 1993), made us aware of the usefulness of the concept of the learning organisation and, with the help of Michael Pearn (1995, 1998), ran our first 'learning workshops' dealing with experiential learning. The Pearn Kandola – IPD Toolkit for the Learning Organisation was used extensively in our drive to stimulate learning at work. The 1996 'European Year of Lifelong Learning' and 'Ecology of Work' conferences gave us further impetus.

The ideas of Michael Cooley (1987), relating to research activities supported by the Fast EU programme, helped us to understand and respect the tacit knowledge of the craftsmen and acknowledge the need for a human-centred approach which advocated technology being designed to support human abilities. [14]

In 1997, the training and development policy was revised and upgraded to comply with the training standard *Excellence through people*. This requires that a training plan is aligned with the business plan and is authorised by the management team. The effectiveness of training on the site was assessed each year by assessors who interviewed at least 10% of the workforce. The workforce were asked whether they thought the company deserved the *Excellence through people* award for its training. Guinness has progressively improved their ratings and by 2000 was in the top ten in the country.

Guinness HR managers took time to participate in national and European debates and conferences regarding social partnership ([15]). Training was an

---

([13]) Many other consultants assisted in challenging our thinking. Matt Russell, working on the EU Force programme, designed an accredited maintenance technology course. Eddie Molloy prompted us to review strategic options for the brewery as a subsidiary of a multinational company. Peter Cressey showed us the benefits of involving the shop floor workers early on in projects and Arthur Coldrick acted as a facilitator in resolving conflict. Practick Ltd, gave us a framework for reviewing the pathways to high-performance teams. George Oakham, Catherine McGeachy, Malcolm Fleming, Michael Nolan, Conor Morris and Martha Graham worked progressively on tutoring interpersonal skills, drawing out the best in people, and facilitating sessions to define our values and consequential behaviours. Philip Lynch provided a blueprint for the changeover from an overtime culture to annual time contracts. Guinness worked in partnership with a host of consultants but always translating their offerings to suit the strategy and climate in the business.

([14]) The managers made contributions to the following: European Commission Green Paper discussions on new forms of work; IBEC Guidelines for the Development of Partnership in Competitive Enterprises; EU Adapt Programme Thematic studies (see Boyle, 1998; Dunne, 1998; Newman, 2000).

area that offered opportunities for a partnership approach through analysing training needs with managers, union officials, and individuals. This helped us expose factors that prevented people gaining access to training.

As training managers, we recognised that employees placed importance on acquiring accredited qualifications. By 1997 two trade union activists had a certificate of competence in training for partnership. The Irish Congress of Trade Unions (ICTU) championed an important discussion document on new forms of work organisation. This identified winning combinations for partnership know-how, commitment, quality and innovation through putting in place an appropriate culture and promoting access to education. In 1999, Guinness joined a partnership with the craft union TEEU and other organisations to design accredited craft training modules with the backing of Skillsnet funding.

Our partnership approach to training and development is outlined in the following proposition: 'Growth of the business and of the individual go hand in hand and will only come about through a willingness to learn together. We are committed to helping individuals develop and implement their own personalised development plan.' Our commitment to a training and development plan, which meets both the needs of the business and our employees, differentiates our training and development policy from those solely focusing on the business.

Everyone involved was proud to have been involved in the design and implementation of the plan. Furthermore, the broad base of the shopfloor believed that the plan was of benefit to them and the company.

9.4.2. **More about the learning interventions**

9.4.2.1. *EU funding for learning from the adapt programme*

Guinness Dublin brewery recognised early on that there was an opportunity to get significant EU support to pilot innovative ways of supporting the development of industrial workers. Guinness carried out three projects during the period 1995-2000:

(a) learning to keep ahead of change (1995-97) which included a transnational project entitled 'Learning for change';
(b) coaching skills for managers and entrepreneurs (1998-2000);
(c) maximising the learning (1999-2000).

The projects undertaken by Guinness demonstrated how a large organisation can carry out fundamental research into training design and delivery. It is a good example of employer-led training (Doherty, 2000; Newman, 2000).

The target group of these projects had joined the brewery before it was automated. This had a major impact on the nature of the work with the disappearance of manual work and the introduction of new roles related to process control within a de-layered, flat organisation. Many employees had limited educational qualifications having left school before completing their secondary education although most possessed a wide range of skills accumulated through job knowledge and experience. Many of these employees had learning 'blockages', limiting their ability to acquire new skills. The initial project set out to equip people with the skills and motivation to learn.

9.4.2.2. *Learning refresher courses*

In 1993, the human resource development team participated in 'involvement seminars' concerning training and learning at work. Some of the key points emerging from discussions were:

(a) that people need to take stock of what they had learnt during their working life in Guinness;
(b) that a partnership approach was essential if barriers were to be broken down and trust developed;
(c) that people needed to be involved at the design stage of a change programme rather than just before its implementation when there is little scope to modify things.

At that time we stated that:

'All of us have a store of knowledge, learning and experience. We have acquired this over many years. We have adapted to continual change. We are doing things differently. Sometimes we don't recognise how much we have learnt informally while at work'.

We then went on to list what people had learnt without training courses e.g. ability to type; use laptops; change from manual controls to computerised processes etc. These briefings were followed up with 'learning skills refresher courses' in which the following points were focused on:

(a) take stock of where you are in your life;
(b) recognise that we are what we have experienced and learnt;
(c) identify what is blocking your learning;
(d) self-help is paramount;
(e) learning occurs inside the learner;
(f) learning is emotional as well as intellectual;
(g) learning depends on relevance and personal meaning;
(h) the learner needs to be in control of the learning process;
(i) learners need to be aware of the principles of adult learning;
(j) it helps if we can create situations where our curiosity is stimulated.

We found the most important learning skills related to the art and practice of skilful questioning, the ability to listen effectively and to understand how to plan study activities to optimise the time, skills and resources available. Importantly, people discovered that learning with others could accelerate learning.

9.4.2.3. *Values and behaviours*

In 1998, Guinness Ireland, through a lengthy process of participation, came up with a set of five core values. These were to be benchmarks for the way in which everyone was to work. By the year 2000, more than 33% of employees in the brewery had been on 'values and behaviours' workshops. These workshops focused on the following areas: personal development; team-process skills; leadership experience (with feedback and coaching); and leadership communication skills. Participants were encouraged to experiment with new behaviours and skills. There were opportunities to develop a personal development action plan and identify the necessary support needed from colleagues to implement the plan when back at work. A follow-up survey initiated by the participants showed that these plans were implemented in the workplace.

During 1999, it became evident that the 'Guinness values' arrived at, by means of a bottom-up approach, differed from the parent company 'Diageo values' devised through a top-down approach. The Diageo values are now in place but not without some 'push-back' from those who were emotionally committed to the values that they had had a part in fostering. This is a good example of what can happen when top-down and bottom-up approaches are not in harmony.

9.5. Impact

The status of learning in the Guinness Dublin brewery is reviewed bi-annually using a learning audit tool that assesses the different levels of learning in the organisation i.e. at the individual, group, cross-functional and organisational levels. The purpose of the audit is to show how good the Guinness Dublin Brewery is at encouraging and sustaining learning. The respondents represent managers, shift managers, support personnel, craft and general operators. The findings of the 2000 survey were compared with findings from the 1996 and 1998 surveys. Results show significant improvements with people responding positively, in particular, regarding how learning is encouraged and sustained.

The 2000 results suggest that:

(a) 'the workforce is motivated to learn continuously, is confident to take on new learning tasks, and is committed to opportunities for self-development. The culture supports continuous learning and encourages challenging the status quo and questioning assumptions. There is a shared vision that recognises the importance of learning at the individual, group and system level, thereby enabling the organisation to transform itself. There are systems and processes in place to enhance, encourage and sustain learning among employees;

(b) the areas requiring improvement relate to the fact that employees perceive that the organisation is not facilitating learning between different levels, across functions or sub-systems. The organisation is perceived as lacking the transforming structures for adaptation. Employees perceive managers could do more to encourage and sustain learning which results in improved performance;

(c) the human resource development (HRD) unit is proactive, integrated into every day business life, willing to make changes for the better. It is a resource that is continuously consulted by all employees, as well as the line function. When choosing training interventions employees naturally go to the HRD unit for advice and/or to get direction;

(d) the third assessment provided ample evidence to prove that the Company has improved its human resource practices and score over the years.'

Statistics show that:

(i) 75% of employees have significantly increased their skills; 40% have attained a certificate, diploma or degree; 66% have broader roles and 50% have been promoted or are in development roles;

(ii) our internal surveys show that employees feel Guinness is committed to people's long-term learning and development. However, at this moment in time, people in Guinness do not feel excited about the future probably because they are anticipating the consequences of future plans to reduce jobs in the brewery. The good news is that most people have 'skilled-up' over the last decade and are equipped with wide-ranging skills. As well as expertise in their functional areas, most have strong interpersonal skills, coaching skills, and the ability to manage their own development. The difference between now and a decade ago is that many more people have the confidence and expertise to compete for different roles within Diageo or to leave the company, confident that they have a choice in the type of career to pursue. If people feel they want to leave, it is about self-

actualisation in that they recognise that the organisation can no longer meet their needs (Molloy, 1973). They leave knowing they have been good for Guinness and Guinness has been good for them. Those continuing their career within the company recognise that rapidly changing organisations can provide opportunities for individuals to transform themselves.

9.6. References

Boyle, R. *Partnerships within adapt.* Dublin: Institute of Public Administration, 1998.

Coldrick, A. *Case studies in employee participation.* Dublin: Guinness, 1989.

Brewery Council, Dept. of Labour, Ireland 1989, pp. 26-32.

Cooley, M. *Architect or bee.* Hogarth Press, 1987.

Doherty, L. Guinness, 2000 Dublin Brewery: Learning to keep ahead of change in innovations. *Human Resource Management.* Dublin: IBEC 2000, pp.153-164.

Dunne, J. *Guidelines for partnership in competitive enterprises.* IBEC, 1998.

Molloy, E. *Masters thesis.* Irish Management Institute, 1973.

Newman, H. *Change at work-results of Adapt in Ireland.* Dublin: Leargas, 2000.

Pearn, M. et al. *A declaration on learning.* Peter Honey publications, 1998.

Pearn, M.; Mulrooney, C. *Tools for a learning organisation.* Institute of Personnel and Development, 1995.

Pearn, M.; Mulrooney, C.; Payne, T. *Ending the blame culture.* Gower, 1998.

Pearn, M.; Roderick, C.; Mulrooney, C. *Learning organisations in practice.* McGraw Hill, 1995.

Stahl, T.; Nyhan, B.; D'Aloja, P. *The learning organisation.* Eurotecnet. Brussels: Commission of the European Communities, 1993.

CHAPTER 10

Learning to network – the transformation of a social research institute

Hans-Werner Franz

10.1. Introduction

The *Sozialforschungsstelle*, Dortmund (*sfs*) is a public institute that has recently entered the commercial market. Its core business centres on structural change in the old industrial region of the Ruhr and the building of innovative public-private partnership as the foundation for this structural change and also for the continuing survival of *sfs*. This paper describes a learning and transformation process facilitated by *sfs* and also, in part, by the author. Thus, this chapter is a mix of structured interpretation and personal reflection.

The public entity in this case study is a public social research centre, *Sozialforschungsstelle* Dortmund (*sfs*), which is where I work. There are also private entities that include a wide variety of companies - old ones, new ones and renewed ones. I also work in one of these companies. The funding for many of the partnership projects is also a mix of public and private sector investment. 'Public-private partnership' is a purposeful collaboration of public and private entities in order to attain mutual benefits in a common reference framework.

The common reference framework is the achievement of effective structural change in Dortmund and in the whole of the old industrial region along the river Ruhr, the *Ruhrgebiet* (Ruhr Area). The mutual goals are to minimise the effects of the decline in traditional industries by job retention and job creation, the long-term development of skilled employment opportunities that are sustainable and economically viable together with the maintenance and improvement of living and cultural standards.

Dortmund is situated in the east of the Ruhr area, has some 620 000 inhabitants and looks relatively wealthy. It is not exactly a boom town but is evidently a town where many things are happening and under construction.

The industrial base of Dortmund, until the late eighties, was coal, steel and beer and the suppliers and services that supported them. In Dortmund today, there is no coal, the remaining steelworks were closed down in 2001 and, out of the original nine breweries, only two are left. Unemployment is running at 15% and of those who are economically active, 70% work in the service sector: insurance companies, commerce, multi-media production, chip production, telecommunications, software development and applications. There are two universities undertaking a wide range of research activities of which applied social sciences is an important area of specialisation.

Sfs is a *Landesinstitut*, that is, a public institute directly under the control of the federal state or *Land* of North Rhine Westphalia. It was established in 1972 by the federal state parliament, the *Landtag*, and its mission is to 'accompany industrial change' by empirical research. It was founded in 1946, immediately after World War II, as an institute of the University of Münster. There were no universities at all on the Ruhr at that time. In the 1950s and 60s it developed into a large institute with a high reputation. With very few exceptions, virtually all the post-war German professors in social science worked in this centre at some time.

In 1972 the institute became a pure research centre with no teaching commitment and was fully financed by the federal state budget. It had a total staff of nine scientists together with support staff, which included a secretariat and librarians. Today *sfs* is an institute with an EUR 6 million turnover and more than 100 employees of which about 50 are scientific staff. The activities cover the whole range of work-related research, transfer and consultancy in areas such as vocational education and training (VET), organisational development, human resource development (HRD), quality systems and ecological management, flexible working time arrangements, internal and external labour market issues, regional development, gender related issues and health and safety.

However, the central purpose of this paper is not to describe the structural changes in a region or in an individual institute. The main focus is the description of the results and the implications of social, individual and organisational learning and the transformation process based on public-private partnership (PPP) networking, as well as the reconstruction of the process itself.

10.2. Promoting public-private partnership networking

Whereas the old *Sozialforschungsstelle* was an incubator for university academics, who had a high reputation in the scientific community, the new institute, founded in 1972, had primarily a societal role and a social mission of aiding industrial change. This was laid down in the original statutes of the institute by an act of parliament, a parliament that had a Social Democrat majority. *Sfs* has constantly sought to pursue this mission, while not compromising its academic reputation and without underestimating the value of recognition in the scientific community. Nevertheless, there have been substantive shifts in the (self-) definition of how this was to be achieved. Public-private partnership (PPP) networking has always played an important role but what emerged spontaneously in the beginning has, over the years, become a purposeful strategy for contributing to structural change and mastering structural change within the organisation.

10.2.1. **The evolution of the institute's self-definition**

The financial profile of *sfs* over the years provides clear evidence of how the institute's evolution can be subdivided in three neatly discernible periods. Of course, none of these developments was initiated solely by far-sighted management decisions. The broader societal and social changes induced shifts in thinking. Public and semi-public funding programmes, a new agenda creating new opportunities leading to different dynamics of project acquisition and, last but not least, changes in personnel and professional coalitions within the institute had a major influence on these transformations.

Retrospective analysis of this particular evolutionary path, in common with most others, demonstrates a mix of serendipity, necessity and deliberate decision. Neither the analysis of these influences nor their assessment is necessary. The following is a narrative account of the different stages that is simply meant to reconstruct, in broad strokes, the major differences between the different evolutionary stages from a PPP perspective. That is, it is an attempt to situate the public institute with reference to private interests, the surrounding society and geographical region and the research markets it serves.

The seventies were characterised mainly by stand-alone research activities with a relatively undefined position with respect to specific societal problems. However, they were not without the benevolent intention of influencing political choices and strategies, primarily in the trade unions and in social democracy. Only part of the work was organised in clearly structured projects. A substantial change occurred in 1978 when it was decided that the

institute would concentrate much more on a research market that had social relevance. At the time, this market centred on the Federal Government's 'Humanisation of worklife' programme which focused on the modernisation of work organisation structures.

This led, in the eighties, to the slow growth of a research portfolio of projects acquired in the public and semi-public research market. Research, much of it action research, was focused on what was then called 'socially compatible in-company organisation and technology' – pilot projects in VET and research projects tied to regional development. The main social partners were still the trade unions, works councils and Social Democrats, although they no longer formed the Federal Government.

In the mid 1980s, growing unemployment in Dortmund and the Ruhr area, led to staff in some parts of the institute becoming more closely involved in local labour market actions. (At first, these were mainly individual initiatives without direct reference to the institute's official policies). *Sfs* started considering itself as an indigenous factor in mostly (but not only) regional economic and social development. European projects were taken up, initially as a special activity of a few people, but they laid the foundations for a considerable enlargement of activities in the 1990s. At the end of the 1980s, all work was organised in projects with external and/or internal funding, the latter being the exception.

The 1990s were marked by a decision taken in the late eighties, to go into the market more systematically. Step by step, work at the institute became almost completely focused on applied research, transfer activities and (pilot) consultancy, paralleling regional development much more closely. European funds were used more systematically.

In the 1970s and 1980s, gaining funded projects became a generalised competence requirement for working in the institute and was linked with employment security, seniority and hierarchical status. Developing good relations with trade unions and works councils, with management, employers associations and chambers of trade and commerce became increasingly necessary to improve access to companies and local or branch networks. However, the major difference now was that the projects had to give real-time answers to questions and problems that were no longer defined by research interests alone but by real regions, real labour markets, real companies and real workers. What I mean by this will be summarised in the concluding chapter on paradigmatic change.

In the course of all these developments, *sfs* became a regional centre of excellence which has become more and more deeply involved with a number of local, regional, national, EU and (to an extent) global networks and integral

to them. All of them, without any exception, are PPP networks. In terms of globalisation, this particular mix and range of networks is one of the things that makes *sfs* interesting to local and regional partners. All these changes and developments have had a major impact on the internal and contextual organisation of *sfs*.

10.2.2. *Sfs* - a network

Sfs is a public institute with an Executive Director. The acquisition of important projects was not possible without this important person. Although, for the most part, things were highly informal, many seemingly informal procedures in the institute were extremely sensitive matters of seniority and hierarchy. The organisation chart of the old organisation shows a flat hierarchy with strong demarcations between the research areas. Individual responsibility for the acquisition of projects led to a high degree of autonomy, leading to individual choice of collaboration arrangements, frequently beyond practical or professional logics.

As a consequence, the institute was progressively re-organised, leading to a more flexible and open structure, internally and externally orientated towards networking. At present, 13 organisationally and financially semi-autonomous teams exist in *sfs*, working exclusively on projects acquired from the research and, to a lesser extent, the consultancy market.

Meanwhile, cross-cooperation, internal mergers and splitting of teams, initially all highly emotional processes, have become commonplace. In order to avoid the atomisation of the institute into fiercely competing teams, there is a monthly meeting of the team coordinators, a considerable number of stable committees, less stable thematic focus groups and some temporary task forces, e.g. for coordinating moves to access new sources of funding. These are used for vertical and/or horizontal communication purposes and decision-making.

Successive shifts towards the teams having a more direct market orientation have increasingly turned the management function into a service function. Hierarchy has lost importance and the role of leadership in a scientific network-based organisation remains open to debate.

10.2.3. A network in a network

Sfs works under the legal framework governing universities, as it is a public institute coming under the responsibility of the federal Ministry of Science and Education – not the Ministry of Labour as might be expected. The formal employer is the federal state. One of the stipulations of Ministry of Science and Education regulations is that an organisation under its control can have

any number of temporary contracts with one employee within a five-year period. However, after five years the employee can have no further contract of any sort with the federal state unless there is a permanent, unlimited civil service position that is available. This is opposed to German labour law in general, which says that the third successive temporary work contract automatically gives a person the legal status of unlimited employment.

This particular employment stipulation was not a problem as long as the institute was not market driven. However, the growing number of projects and a rapidly increasing temporary staff, made the employment structure much more of a problem – particularly as professional market-related research needs a certain stability and continuity of professional competence. It meant that any experienced researcher who, over a five year 'learning-curve' had developed the skills to carry out projects with defined objectives, within time and money constraints and had mastered the ability to talk normal, non-academic German with management and workers in companies, had to be 'sacked' as there were only nine scientific posts paid by the *Land*. This was a serious dilemma.

The normal solution throughout Europe for this problem is to contract in freelance staff that, voluntarily or not, are in a precarious working position. We did not want to go that way and felt that the best solution was to create an internal-external labour market around the institute. We have achieved this with two complementary strategies: by creating our own private partners and by enlarging our stable cooperation context.

10.2.4. **Spin-offs**

In the 1980s competent people could be 'parked' after five years in a small and socially acceptable, not-for-profit organisation called the Society for the Promotion of Social Research in Dortmund (GFS). This body united representatives of important companies with all relevant social and political forces in Dortmund and the labour director of the large steel company that had its legal base in Dortmund chaired the society. The manager of GFS is an honorary post and is traditionally occupied by a senior researcher employed at *sfs*. I held this appointment for thirteen years. People who had reached the five years' threshold were formally employed by GFS but working on projects financed by *sfs*, sitting in offices belonging to *sfs* and participating in the internal life of *sfs* with little restriction. When one of the permanent jobs at *sfs* became free or, in some cases half jobs being created by job sharing, one of the colleagues 'parked' at GFS, returned to *sfs*.

However, in the early 1990s the problem accelerated. The turnover of permanent jobs at *sfs* slowed down and the by-pass device of retaining

175

competent people by parking them at GFS led to the inevitable situation that the internal labour force held at GFS consisted of more senior '*sfs* people'. As the whole workforce kept growing during the 1990s, the GFS by-pass became more and more risky due to the fact that, at GFS, the labour law allowed two subsequent temporary contracts only. Permanent employment was considered to be a financial risk that the board of presidents was not willing to take. Being a public institute, *sfs* was not, and is not, allowed to invest money in a private venture. As a result, a number of people pooled private funds and founded limited companies, each with a different approach and thematic focus. These are as follows:

- ***Si research and consult***
  One is called Social Innovation Ltd. and the majority of its 16 employees are sub-contracted to work on projects acquired under the *sfs* name, in the offices of *sfs*, with the same salaries as *sfs* and are fully integrated in the common horizontal and vertical organisation. They form a core part of the research teams of *sfs*.

- ***GAUS Ltd.***
  The Society for Applied Enterprise Research and Social Statistics has about half of its eight employees within the *sfs* work environment, the other half working independently of *sfs*. They also employ the computer experts who service the *sfs* internal computer network.

- ***Adaequat Ltd.***
  These internal computer experts have split away and mounted their own business that is still servicing the *sfs* computer network and are now also responsible for the web sites of several of the centre's companies. Coming from the institute's own working context, they have a highly developed understanding of the internal demands of highly decentralised knowledge production combined with high level expertise in electronic networks.

- ***ITF***
  Since mid-1999, *sfs* has been running a pilot project called Integrated TeleHouse for women in which a number of women are developing an employment and training strategy for unemployed women (which they were themselves until the project started) who want to start tele-working activities. The project was launched with the explicit objective of making it a self-sustainable business. This new type of project, which combines applied action research, employee development and employment creation

all at the same time, is a logical next step in the evolution of *sfs*, albeit one with a high risk of failure.

10.3. Decentralised centres

In the first half of the 1980s, the City of Dortmund, together with the local Savings Bank and the Chamber of Industry and Commerce, developed a rather daring strategy for a technology centre which did not subscribe to the simplistic 'make it easy to start a business' doctrine that was fashionable at that time. It was relatively expensive to get start-up space in this technology centre founded in 1984, thus creating a positive selection of new promising companies. Today there are three technology centres that operate as incubator units in the Dortmund Technology Park, which is a new and rapidly expanding business area with close to 8 000 jobs at present.

'What is good for technology cannot be bad for research and employment', I thought. It was against this background that I developed the idea of setting up, along with the technology centre, an employment and training centre for unemployed people and a labour-related research and transfer centre with the explicit mission of supporting the profound structural change Dortmund and the whole of the Ruhr area was undergoing.

10.3.1. **The Dortmund development centre**

The Dortmund Development Centre (EWZ) was founded in 1985 as an employment and training initiative backed by the Trade Union Confederation (DGB) of Dortmund and to a certain degree by the city. I was one of two chairmen of its board until 1997 when it became a limited company based in the Centre for Labour and Social Sciences. The Development Centre has employed and trained more than 700 long-term unemployed people and founded an ecologically orientated enterprise centre in a wonderful building complex where the local steel company once had had its laboratories. Some 32 companies and a total of 240 employees are now based in these buildings which have been completely refurbished by the staff and trainees of the employment and training measures run by EWZ.

The development centre stopped organising employment measures itself in 1993 due to worsening financial conditions. It left the ecological enterprise centre and became a continuing training centre for employed and unemployed people and for migrants, based at the centre for labour and social sciences.

10.3.2. The centre for labour and social sciences on the premises of the former colliery *Minister Stein*

Whereas the development centre could be implemented soon after its conception, the centre for labour and social sciences *(Arbeits- und Sozialwissenschaftliches Zentrum ASZ)* turned out to be a long-term mission that threatened, temporarily, to become a mission impossible.

It is difficult to tell a long story in a few words, but it took us ten years of persuasion and promotion until the dream came true, with GFS (the 'honourable' society) as the main driver. In 1995, the first half of *sfs* moved to the north of Dortmund into the refurbished administration buildings of a former coal mine called *Minister Stein*, the last one to be closed in Dortmund in 1987. The other half moved in early 1997 into a new building on the old compound. However, the basis of the plan was not only to get a new building for *sfs* (which was badly needed). Its central attraction lay in the idea of concentrating the great number of non university-based public and private entities in Dortmund, dedicated to applied labour-related social research, consultancy and training activities, in one large decentralised centre in order to:

(a) enhance the existing supply and potential in these fields through improved cooperation models;
(b) enhance the specific labour market for these sorts of activities by establishing something like an internal labour market for applied social research.

At present 20 institutes, with a total of 340 employees, are concentrated on the premises of the former mine – it is a networking symbol for structural change in an old industrial area. Most of them are small private companies and associations with a focus on organisational consultancy, personnel development and continuing training.

Sfs, as the largest institute and with a focus on labour and social research, is the hub organisation and plays an initiatory role. All other institutes and companies can use the excellent library and the facilities for meetings. GFS, which, until now, has been primarily a promotional organisation for *sfs*, has expanded its role to provide coordination and marketing services for the whole centre and will eventually change its name to the Society for the Promotion of Structural Change.

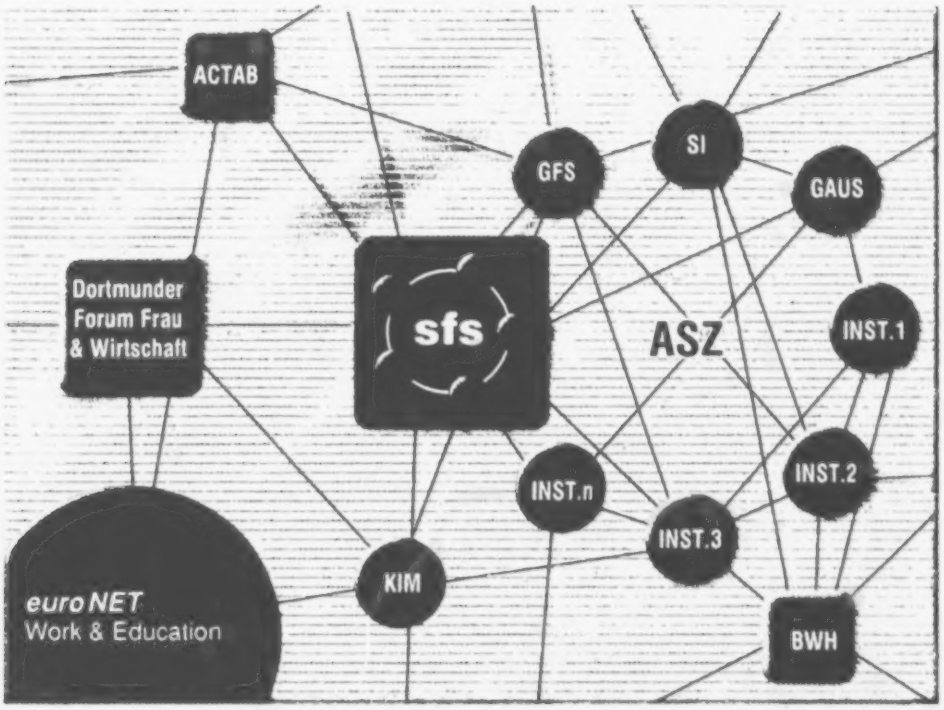
Another large public body, the Institute for Regional and Urban Development, recently joined the centre. Their activities do not strictly fit under the label of labour and social sciences although there is an obvious structural relationship. The training providers were in a similar position. Hence, the centre members have agreed to market the centre as ZMS, which stands for *Zentrum Minister Stein* for science, consultancy and continuing training. The centre's third largest institute is a semi-private organisation that formally runs the Institute for (social issues of) Gerontology in partnership with the University of Dortmund.

10.4. A network in a network of networks

All these events and developments are themselves part of the structural change Dortmund is undergoing. However, the PPP networking strategy of our institute(s) is intended to promote and foster structural change not only by being part of it but beyond that we want to be contributors, active assistants, helpers for self-help, thinkers and implementers of sustainable structural change.

There can be no effective intervention in structural change that is based exclusively on scientific studies, books and papers. Transfer of knowledge does not work without experience and expertise in practical transfer mechanisms. The specific contribution of *sfs* and our fellow institutes in the centre is not only that we are competent in helping others to master structural change in a socially compatible way but that we know from where – and how – to attract funds which allow us to do this. This is important, especially for small and medium-sized enterprises. Although many managers subscribe initially to the idea that 'if you don't pay for something you don't value it', in the longer term they appreciate being able to get competent assistance for little or no money. Networks help to inform them that we can help them and this is our immediate interest in networks.

Figure 1. ***Sfs* Networks**



Of course, networking does not function when it only serves marketing interests. Nor is a unilateral offer of knowledge transfer sufficient. Networks only function effectively if all participants receive at least some of what they expected from the network when they joined it. Nevertheless, their expectations might change once they are in the network because the network itself will expose them to new possibilities. This is why networks can have very different purposes that can change over time, even without a change of participants. We had to learn that the idea of one-directional knowledge transfer is rather naive.

For a scientific institute like *sfs*, which has the explicit mission and purpose of promoting and supporting structural change, networking is the only practical way to penetrate the local or regional web of economic and social activities in a way that is sustainable. This may happen in very different ways and in many different contexts. They can be stable networks with long-term objectives or networks established by and for specific projects that may not even survive until the end of the project (see Figure 1).

BEST COPY AVAILABLE

10.4.1. Networks around *sfs*

A few examples of networks initiated by *sfs*, or built with active support from *sfs*, will illustrate the range and diversity of networks.

10.4.1.1. *KIM*

KIM, the cooperation initiative for Dortmund's metal manufacturing industry, was launched in the mid-nineties as a joint initiative between some of the Centre's (ASZ) institutes and companies, together with the Association of the Metal Manufacturing Industry and Metalworkers' Union (IG Metall) for Dortmund. The objective was to foster and promote organisational change and modernisation in the mostly small and medium-sized metal manufacturing enterprises based in Dortmund. This was achieved by mobilising the collective potential of the institutes and by drawing in external funding from various federal, national or EU programmes in order to facilitate the process.

The network's activities are set in the context of federal state policies that, since the late 1980s, have increasingly moved to a more decentralised and bottom-up approach for funding structural change. One of the central planks of this policy has been to promote regional capacity building through developing the self-organisation capabilities of the regions and by supporting local initiatives and indigenous actors and activities. Hence, networking in the regions and defining regional development objectives had become an official requirement for obtaining funds.

10.4.1.2. *Dortmunder Forum Frau and Wirtschaft*

The Dortmund forum for women and the economy is a long-term initiative founded by the Department for Economic and Employment Development of the city of Dortmund with the active assistance of *sfs* and a number of women in relevant management positions, including those in works councils. They develop and organise positive action to facilitate information and support for women to help them succeed in business and as entrepreneurs.

10.4.1.3. *ACTAB*

ACTAB is a Land-level working party on technology assessment for North Rhine Westphalia. It serves as a permanent platform for dialogue for scientists, practitioners and politicians on the social and societal impacts and consequences of new technologies.

10.4.1.4. *euroNET: WORK AND EDUCATION*

Our European network was originally founded at the end of the 1980s by *sfs*, the Spanish partner CIREM (Barcelona) and the Dutch partner ITS (Nijmegen). It has become a stable strategic cooperation base for European projects. Each member institute, normally one per EU member state, is considered to be the first choice or point of contact when other network members are looking for a project partner in that country. When this partner is not able - or does not want - to cooperate on a specific subject, they will know who is best or next best in their country and will facilitate contact. Of course, besides euroNET, which encompasses a wide range of work and education and is a thematically unspecific network, there are several other less stable and more informal thematic networks.

10.4.1.5. *BWH Ltd.*

Bildungswerk Witten/Hattingen is a special case since it is a company that defines itself, like *sfs*, as a learning and networking organisation. BWH is a major vocational training provider based in Witten and Hattingen. These are two small towns south of Dortmund that also were, and partially still are, steel towns. BWH was originally the vocational training department and training centre of the two large steel works based there. When the companies began declining in the late 1980s, a large coalition was formed. This was made up of the town authorities, the unions, the steel companies and others to maintain these facilities as a part of the indigenous potential of the region. *Sfs* assisted this spin-off process by providing consultancy and evaluation for its management.

As it was formerly a facility for large industry, SMEs in the region did not identify with what was it was primarily an in-house, sectorally specific provider. The change in status to a regional training centre meant that BWH had to adopt a market-oriented networking approach in order to establish and build up contacts, develop a new client-base and raise awareness and trust in its capacity and capabilities. During this process, it has grown from a relatively small training provider with 19 employees to a large training and employment provider with 120 employees and some 200 people working in other employment measures, such as refurbishing and clearing the steelworks for future enterprise occupation.

As there is no similar centre in the Ennepe-Ruhr-Kreis district, BWH, like *sfs*, is equivalent to a network spider spinning its own web. However, in order to be able to undertake this spider function, BWH had to undergo fundamental changes, which involved a continuing relationship with *sfs*. All of the paradigmatic changes summarised in the concluding section of this

paper, which relate to *sfs*, are also true for BWH. At BWH, the change process has culminated in the introduction of a total quality management system based on the business excellence model of the European Foundation for Quality Management (EFQM).

10.4.1.6. *MACH 1 + 2*

MACH 1 was founded in 1989 as a 'registered association of public interest'. Its purpose was to design continuing education activities for approximately 100 companies in Eastern Westphalia. These companies form a well-organised 'industrial district' of mostly small and medium-sized kitchen technology and furniture producers. The training design was based on identifying and maximising the synergy between the companies in order to deliver joint training that was open and flexible but nevertheless capable of being customised for specific companies in order to develop something like an industrial learning district

MACH 2, a satellite of this association, was founded in 1993 by 25 companies with the sole purpose of providing company-specific advice on continuing training. The companies pay about EUR 2000 plus EUR 8.50 per employee/year, for which they share the services of a full-time advisor. The post-holder is a former researcher in human resources development and organisation development at *sfs*. Their only task is to facilitate systematic problem solving and improve the quality of customer-specific continuing training by:

(a) systematic detection and analysis of training needs;
(b) development of specific courses and seminars for one or more clients;
(c) assistance during the reinsertion phase of trained persons;
(d) support in the development of new organisational training/HRD schemes;
(e) feedback on the quality (user value) of training.

The delivery of the courses is the responsibility of MACH 1 or, in special cases, other training institutions which are part of the larger, specialist, regional organisation for continuing vocational education and training called *Bildungswerk der ostwestfälisch-lippischen Wirtschaft* (BOW).

-183

10.5. Conclusions – paradigmatic change

The profound transformations *sfs* has undergone can be summarised in the following way. In the beginning we - at least many of us - thought we could be catalysts of change or change agents without changing ourselves. We have learnt that it is impossible to be a change agent without changing and being changed. It was a long and uncomfortable learning process, which has not finished. It will never finish since we have to learn and change together with our customers and stakeholders. Even this is not enough; we must learn and change before our customers do. A strong customer focus in research, technology transfer activities and consultancy has profound consequences for the way the organisation thinks and works.

In the process of embedding ourselves in structural change, we had to change nearly everything.

We had to change our customers and fields of activity. Traditionally, social labour research has been orientated towards large, industrial companies and contexts. To an extent, this is still the case. In our situation, it was even more restricted – our focus was on coal and steel and the chemical industry. Since traditional heavy industries have declined, the most important action programmes of the European Union and national ministries now have a clear SME focus. Therefore, we had to shift our attention from large to small companies, from traditional industry sectors to the newer service sectors, from a research orientation to a customer and stakeholder orientation, from a supply-led approach to a demand-led approach. It was a very different world.

We had to change our products. The traditional products of a traditional research institute are publications. Of course, we still have to produce publications since our researchers need a publication record for their individual careers in the scientific community. However, most of our customers do not want a book or an article in a scientific review. They want something they can use as part of their normal activities. They want results in a language they can understand and in a format they can use for their work. Often they want tools. Normally we have to convince them that they cannot have recipes. So, we now have two different groups of customers; the scientific community and the economic or political world. The challenge is to try to avoid doubling the workload by optimising our work methods and products.

We had to change our methods. There is a big difference between being in an analytical research position and a situation where you have to come to practical conclusions that can be actioned and implemented. The traditional

184

position of a researcher is usually a passive and contemplative one, at most, a participant observer. A consultant or action researcher (or action research institute) acting as a change agent must think in strategic terms or in terms of problem solving and feasibility under conditions of restricted time and resources without losing the capacity for critical analysis. 'Help for self-help' or 'helping people to help themselves' must be the main approach in consultancy and action research. This necessitates a participative way of working which involves all relevant actors in a given field. It must also recognise that the actors in a given field are - and must stay - the experts in their work. The key task is to organise and facilitate a participative learning process for all involved, including ourselves.

We had to change our tools. Traditional research usually takes place in traditional academic communities using conventional communication channels that often still exist in universities. Researchers were used to communication protocols that were based on open, (seemingly) unlimited and unrestricted, process-oriented discourse. Result-oriented communication needs completely different tools for structuring time, information and outcomes while maintaining the openness of discourse necessary for creativity.

This meant a change in language because non-academic project partners are experts in their own fields, which have completely different cultures and terminologies. It also forced us to change our personal work styles. Of course, although these changes were originally adaptations to the external work context, they impacted on our own internal work environment and work culture. For example, approaches to individual time and task management have changed considerably. Reliable project and network management competences have become a must.

We had to change our organisation. Working for the marketplace and for SMEs moved us to become an SME ourselves. The structural changes in our (scientific) work organisation have been described above but, beyond this, the whole of the institute's internal functioning and procedures had to change. The overall management of resources has become much more flexible. We had to skip the old 'in camera' way of budgeting, which is normal for public institutes. We had to adopt cost centre management and unit cost accounting methods in our day-to-day work. Management became much more of a service role than before. The functions of the secretaries changed completely from that of typing to providing flexible project assistance. The institute has become a medium-sized research and consultancy company with a lot of freelance staff who work in internal and external networks. All of this says, 'We had to change our way of thinking: we had to change ourselves.'

155

CHAPTER 11

The relationship between critical reflection and learning – experiences within Dutch companies

Marianne van Woerkom, Wim J. Nijhof, Loek Nieuwenhuis

11.1. Introduction

There are many reasons to focus on informal learning when studying organisational learning. According to Argyris and Schön (1996), organisational learning occurs when individuals within an organisation experience a problematic situation and inquire into it on the organisation's behalf. When they experience a mismatch between the expected and actual results of action they respond to that mismatch through a process of thought that leads them to modify their understanding of organisational phenomena. In line with this, organisational learning is based upon individual learning and much of this individual learning is informal learning.

Marsick and Watkins (1990) define informal and incidental learning as the learning that results from the natural opportunities for learning that occur in everyday situations of a person's working life. According to these authors, informal learning can be planned or unplanned and involves some degree of conscious awareness that learning is taking place. Incidental learning is a sub-category of informal learning and is defined as a by-product of some other activity, such as task accomplishment, interpersonal interaction, or trial and error experimentation. Incidental learning is unintentional and unexpected and takes place often, although people are not always conscious of it (Marsick and Watkins, 1990). The fact that informal learning is so naturally connected to actual work processes indicates that it provides valuable opportunities for building 'learning organisations'.

At the start of our work, our hypothesis was that informal on-the-job learning processes serve specific purposes, such as learning for flexibility. In modern work contexts, 'flexibility' is an important aspect of workers'

competences. Sternberg (1985, 1988) connects flexibility with the concept of experiential intelligence, which relates to two aspects of intelligence, namely coping with novelty and routines. The newer the tasks and situations, the more a person's ability to cope with novelty will be called on. On the other hand, if routine experiences increase, one needs to have the capacity to cope with routines. This means that flexibility is not the be-all and end-all. For an effective and productive performance, there needs to be a balance between routine and flexibility.

11.2. Case-studies

The remainder of this section discusses the nature of informal on-the-job learning and its relationship with learning for flexibility, based on case studies undertaken in seven Dutch organisations.

The research questions in each of the case studies were:

(a) is flexible competence an adequate measure of the output of informal on-the-job learning?
(b) what kind of informal on-the job learning is especially relevant for organisational learning?
(c) what factors (individual and organisational) influence informal on-the-job learning?

To answer these research questions, case studies were carried out in seven organisations: two banks; three factories (a cheese factory, a packaging factory and a textile-printing factory); a call-centre; and a post office. In order to form an idea of the view of management and relate this to daily practices on the shop floor, the respondents in these organisations represented different hierarchical levels. The first interview was with a senior manager concerned with personnel issues. The aim of this interview was to gain an overall view of the company's background, the developments it had to contend with, its view of flexible competence and the company policy towards the learning organisation and on-the-job learning. Next, line managers and shop-floor workers were interviewed to discuss: changes in their jobs; on-the-job learning; their definition of a good employee (competences of good employees); and flexibility. Reports of the interviews were sent to the respondents for feedback.

11.3. The conflict between flexibility and competence

The first thing to emerge was that the concept of 'flexible competence' was found to be more complex than foreseen. In fact, flexibility may well be incompatible with competence. To become competitive, enterprises tend to adopt one of two approaches. They place the emphasis either on quality or on efficiency. In the latter case there is often investment in computerisation and, as a result, jobs may be downgraded or disappear altogether. The conflict between flexibility and competence is shown most clearly in the case study of the call-centre where operators have to answer calls from customers who are merely looking for routine information such as a telephone number. Flexible employees are seen to be those who can adapt easily to the new demands the employer is making. These demands are to comply with the standards regarding the number of calls handled per hour and to bring the call promptly to an end in a 'charming way' if customer demands are turning out to be too time-consuming. This new definition of a competent worker conflicts with previous definitions emphasising that workers should always try to help a customer, no matter how much time it may take. Employees who used to be seen as good operators in line with the latter view, may in the new situation, not comply with this definition.

The other cases also showed a conflict between flexibility and competence. Jobs may not always be downgraded but, very often, jobs changed so radically that no part of the old job remained. Many workers in the cheese factory, the packaging factory and the textile-printing company were 'very fond' of their 'old' competence related to a traditional handicraft environment. Flexibility for them meant saying goodbye to their 'old' competence. At the banks this was the case for employees whose administrative jobs had been computerised and for 'specialists' who had become 'generalists'.

Deciding what is flexible competence, therefore, seems to be influenced by the extent to which one is able to come to terms with the demands of management and one's willingness to leave one's 'old' competence behind. Flexible competence would thus not appear to be a neutral concept, but rather an output measure of on-the-job learning seen purely from the employer's viewpoint.

188

11.4. Flexibility or employability?

The changes that occur in jobs may sometimes be very radical. Some of the companies in the case studies (the post office, the call centre, and the giro bank) were in a state of transition from being state-owned to becoming private companies. Post office counter clerks, therefore, had to become commercially minded. In the call centre and the giro bank the transition from being a state-owned company to becoming a private company was putting great pressure on efficiency. Jobs became Tayloristic and, owing to computerisation, many ceased to exist. In the giro bank the jobs that are left tended to be of a higher level.

Employees cannot be dismissed easily in the Netherlands. Therefore, organisations try to make attractive offers to those employees whose jobs have disappeared or those unable to comply with the new demands being made of them. Often they are offered different positions within the organisation or they can either train for another position in the company, or follow training of their own choice. If they choose the last of these, the deal is that they leave the company after a certain period of time. Many employees, however, remain in their old jobs and refuse the offers made to them, even though they know that their jobs will disappear. A personnel manager at the post office stated that 'organisations with routine, rather undemanding jobs should try to ensure that their employees move higher in Maslow's (self-development) pyramid so that they can look for another job on their own initiative'.

This leads to the conclusion that flexibility should not be defined on the basis of employment with one specific employer. The ability to take responsibility for one's own career so that, if one does not like the changes that are taking place in one's present job, one moves to another employer, may also be seen as a characteristic of a 'good employee'. It is noteworthy that this is not only in the interests of the employee but also of the employer, in particular in situations where employees cannot be dismissed when they are protected by law.

189

11.5. The relationship between on-the-job learning and flexible competence

At the beginning of our study it was assumed that on-the-job learning promoted flexible competence. Flexible competence was perceived as something people can learn. However, the case studies showed that on-the-job learning is not the main factor in promoting flexibility. More important than people's ability to be flexible is their willingness to be so. Flexibility could thus be defined better as the willingness to cope with change, rather than the ability to do so. In the packaging plant, an effort was made to make shop-floor workers more flexible. Shop-floor workers employed on different machines in the same production line, should be able to replace each other when one of them is ill or on holiday. However, the different positions on a machine or production line represent different levels of competence and also different levels in status. A production manager explained that the willingness of shop-floor workers to be flexible is limited when tasks do not match their feelings of status or occupational identity. The fear that their old position may be endangered and the fear of failure can also play a role. Furthermore, workers have fears about entering an unfamiliar social environment, and especially working with new colleagues and supervisors. At the banks and the post office, employees are sometimes required to work at another location. Although the extra travelling time might have been anticipated as the most significant barrier to flexibility, the fear of working in a different social environment was often mentioned as a much bigger barrier. In the cheese factory and the textile-printing office, it also became clear that some workers simply do not want to be flexible, because being flexible often entails insecurity and the investment of energy in learning new tasks.

11.6. Motivation for learning

Learning often entails that jobs will change and that employees leave behind a way of working that they have grown accustomed to. This proves difficult for people, especially shop-floor workers who are used to carrying out tasks and following rules that have been set by others. It is clear that learning not only produces benefits but also entails costs (time, energy, and loss of security) when learning is a consequence of a job change. This raises the issue of a motivation.

The importance that people attach to work in their lives also affects their motivation for learning. Many of those interviewed made a distinction between

190

employees who 'work for the money' and those for whom work is important. A personnel manager at a bank stated that some employees simply do not want to invest in their work and exploit their talent because they prefer to opt for challenges in their personal lives. For instance, employees at the giro bank and the call centre are mostly women who took jobs there because the undemanding nature of the work is easy to combine with family life.

Since informal on-the-job learning and working are inseparable, the motivation to learn tends to mirror the motivation to work. In analysing the motives of people from the case studies, it is possible to recognise motivational factors based on the theory of self-determination (Deci and Ryan, 1985; Deci and Flaste, 1995). This was validated in business contexts (Deci, 1975) and revalidated by Kleinmann and Straka (1996). According to this theory three motivational factors in workplace conditions are seen to have an impact on employee interest in self-directed learning: experience of social integration; experience of autonomy; and experience of competence.

People feel socially integrated if they believe that their colleagues and superiors acknowledge their work and have a sense of belonging in the work community. An important factor for the performance of work tasks and on-the-job learning is the social dimension of work. The operators and employees at the giro bank, for example, considered this to be a central issue of work. The production manager at the packaging company underlined the fact that colleagues 'enthuse each other' through their learning attitudes. Accordingly, workers need to have a pleasant work environment 'where they can have fun together'. Employees often resist change because it implies that they will have to work with new people. A bank employee spoke about the times when everybody stayed behind after work to 'let off steam'. But nowadays, because opening hours have been extended, everybody rushes straight home after work. This also means that an important moment for collective reflection has disappeared.

People experience autonomy when they feel that they can act independently and carry out work according to their own insights. An operator at the call centre said that the changes taking place are going to make her feel more and more like a robot, which is demotivating. Previously it was important for her to 'put something of oneself into the work', for example, by having a pleasant conversation with a customer, or by using one's own knowledge and intelligence in the search process. It became apparent from interviews with mechanics in the cheese factory and in the textile-printing factory that the freedom to concentrate on aspects that have a special personal interest can provide a very powerful motivation for working and informal learning. Each mechanic has his own professional hobby, generally

191

focused on a personal interest or field of expertise. One mechanic in the cheese factory spent many hours during both his leisure time and work time writing manuals for computer software so that his work colleagues could use them. The fact that employees working for the building services at a bank, which have responsibility for arranging workrooms, are able to move freely about the whole building as they see fit, gives them a strong feeling of autonomy, especially when they compare themselves with the desk clerks, who have to sit 'imprisoned' behind their desks all day.

People feel competent if they believe that they can carry out their work tasks effectively. The work of a packing team supervisor at the packaging factory is quite 'low-skill', but because her team is the last one in the production line before the products go out to the customer, she feels a sense of achievement when she is able to arrange everything. A bank employee reported feeling motivated by the 'score list of products sold' because it gives her an understanding of her own effectiveness. An operator felt her confidence boosted when she was able to meet the norms for the number of calls handled per hour.

11.7. Critical reflection

Respondents were asked not only for their views on the concept of 'flexible competence', but also for their definition of 'a good employee'. Many respondents, especially in the packaging factory, the cheese factory and one of the banks, stressed aspects to do with critical reflection (Van Woerkom et al., 2000). Respondents mentioned the importance of thinking critically through asking questions like 'why are things organised like this? Can the work be done more efficiently? Why do I work like this?' This illustrates the importance of fostering employees who can distance themselves from their work and reflect on it and on any changes taking place. This is in contrast to employees who only do what is expected and follow changes uncritically. A personnel manager at a bank stated that, instead of working harder to meet increased work pressures, people should learn to work differently. Employees should be able to step back occasionally from their daily routine and devote more attention to 'self and time management'. A production manager at the cheese factory observed that good workers are not 'monkeys who can perform tricks' but people who contribute ideas to the process, who reflect on their activities and who think ahead. A plant manager at the packaging factory commented that real craftsmen who want to improve work processes like to discuss their knowledge with others.

192

At the organisational level, critical reflection is important. When managers were asked for their definition of a learning organisation they often mentioned the importance of 'learning from mistakes'. The plant manager of the packaging factory felt that this should not be limited to mistakes inside the company but complaints from customers should also be used as learning opportunities. The supervisors of the technical service in the textile-printing factory complained about their mechanics' development. According to the supervisors, the mechanics were stuck in hierarchical thinking and not taking responsibility for their own actions. As soon as the supervisors tried to delegate responsibilities, the mechanics came back to them, asking then what they should do. For this reason the supervisors organised 'wake-up training sessions', which started by inviting the mechanics to criticise the organisation. The long list of organisational problems that emerged was categorised and reduced to a 'top-seven' through a voting procedure. Subsequently, the problems were assigned to different teams to find possible solutions. This shows the importance they attached to critical reflection, although nobody explicitly mentioned the term. Stimulating critical reflection was thus seen as a means to improve the performance of both the individual mechanics and the technical service.

However, critical reflection did not emerge to the same extent as a crucial concept everywhere. For example, in the call centre, the giro bank and the post office, the jobs are so routine that critical reflection was implicitly discouraged. The personnel manager at the post office was the only one to mention critical self-reflection. He stated that employees with critical self-judgement are able to detect their own weak spots and then ask for help. Continuous learning presupposes a critical view of one's own functioning and that of others. According to this personnel manager, this requires an acknowledgement of one's own responsibility for acting and learning as well as a willingness to be vulnerable. What was apparent in all of the above mentioned organisations, is that they benefit from employees who ask themselves if they really want to follow the changes in their job or if they might prefer to look for another job. The concept of employability, therefore, may be seen as a consequence of critical reflection.

Critical reflection seems to be a way of learning that brings together the interests of both employers and employees. Some managers prefer an employee whose critical thinking is 'positive' or only want employees to reflect critically on themselves rather than on the organisation, or restrict critical reflection in the organisation only to higher levels of management. It seems that the extent to which organisations acknowledge the importance of critical reflection and the benefits to be derived from it, depend on the characteristics of the organisation.

11.8. What is meant by critical reflection

But what exactly is critical reflection and how can we describe critically reflective individuals in work organisations? As Brooks (1999) rightly remarks, because the concept of critical reflection has been developed within a theoretical or practice-oriented context rather than within research, (Freire, 1972; Mezirow, 1981; Brookfield, 1987) it has not been developed operationally and no instrument exists to identify individuals' capacity for critical reflection. Furthermore, scholars do not seem to agree on terminology and definitions. Some speak about 'critical reflection' while others speak of 'reflection', 'critical thinking', 'double-loop learning', 'model II behaviour', 'transformative learning' and so on.

There are many definitions of critical reflection. According to Marsick and Watkins (1990) critical reflection relates to understanding one's own standards, goals, interests, assumptions and performance objectives. The research of Marsick and Watkins (1990) showed that critical reflection enabled people to challenge norms and to examine the assumptions underlying their thinking and actions. They noted that 'people learned best when they were able to ask questions about why they saw the world as they did, whether their thinking was correct, or how they came to believe a perceived truth that they held sacred' (p.220).

The concept of double-loop learning of Argyris and Schön (1996) is closely related to critical reflection. Double-loop learning enables workers to question the assumptions underlying workplace organisation and patterns of interaction. Workers challenge workplace assumptions and underlying values. Through confronting the basic assumptions underpinning prevailing organisational norms, values, myths, hierarchies and expectations, workers help prevent stagnation and dysfunctional habits. Furthermore, Argyris and Schön describe this as 'model II' behaviour; thus, asking critical questions reflection is necessary for double-loop learning. This behaviour entails asking critical questions, expressing 'one's sincere opinion' and inviting others to give feedback and experimenting with new behaviour. 'Non-defensive behaviour' is also part of model II behaviour.

Brookfield (1987) described critical thinking as a process through which we detect and analyse the assumptions that underlie the actions, decisions and judgements in our lives. Essentially it has three stages: first, becoming aware that these assumptions exist; second, making them explicit; and third, assessing their validity. Bolhuis and Simons (1999) define critical learning as learning that is consciously initiated by the learner because of dissatisfaction with earlier learning. What has been learned before has to be unlearned to

194

make place for new knowledge, skills and attitudes. Critical learning can be seen as firstly a 'breaking down' process and second as a 'building-up' process.

However, problems emerge in assessing the usefulness of these definitions and concepts with regard to finding examples of critical reflection in work organisations. These are as follows:

(a) most of these definitions are not operational;
(b) they characterise a process instead of a visible behaviour;
(c) most of these definitions are rather focused on 'learning' and 'thinking' than on working in an organisation.

Based on a second analysis of the case-study material, the following eight dimensions of what can be called critically reflective working behaviour are put forward below:

- reflection;
- learning from mistakes;
- sharing one's vision and views;
- challenging 'groupthink';
- asking for feedback;
- experimenting;
- sharing knowledge;
- being aware of one's level of employability.

11.8.1. **Reflection**

All of the authors refer to 'reflection' in their definition. Reflection is a mental activity, aimed at examining one's own behaviour in a certain situation (Van Bolhuis-Poortvliet and Snoek, 1996). In our study 'reflection activities' were demonstrated by statements from respondents such as 'reflecting on the whys and wherefores'. 'Why are things organised like this? Can the work be done more efficiently? Why do I work like this? Employees should be able to step back occasionally from their daily routine and devote more attention to self and time management'.

11.8.2. **Learning from mistakes**

Reflection makes one conscious of undesirable work behaviour, for example, communication deficiencies and lack of motivation. As Senge (1990) pointed out – failure should be seen as, simply, a shortfall, evidence of the gap between vision and current reality. Failure is an opportunity for learning about inaccurate pictures of current reality, about strategies that didn't work as expected, about the clarity of the vision. Failures are not about our unworthiness or powerlessness. Many respondents from the case studies

stressed the importance of 'not being afraid to make mistakes' or to show one's vulnerability.

11.8.3. **Sharing one's vision and views**

Sharing one's vision is one of the activities brought about by reflection. This entails asking (critical) questions or suggesting improvements. Argyris and Schön (1996) see this as one of the two central aspects of model II behaviour. The respondents in the case studies stressed the importance of contributing ideas and discussing them with others. 'Good critical workers do not just make negative comments but make suggestions about different ways of working'.

11.8.4. **'Challenging groupthink'**

According to Brooks (1999) the ability to ask (critical) questions is fundamental to 'informal critically reflective learning'. 'Making enquiries' stands as the only method we have to break us out of the worldviews we take for granted. In her case study of a 'Baby Bell' telephone company, two phrases were used to describe critically reflective employees – the first being that they 'see that the emperor is wearing no clothes', the second being that they 'are troublemakers'. Critical reflection, therefore, is not always met with a welcoming embrace and can be rejected, leaving an employee isolated. According to Brooks, critical reflection is concerned with addressing moral and ethical dilemmas and evaluating organisational goals and strategies. Brookfield (1987) defines critical thinkers as people who challenge 'groupthink', that is, ideas that a group has accepted as sacrosanct.

11.8.5. **Asking for feedback**

The essence of model II behaviour of Argyris and Schön (1996) is being open to feedback. The importance of this dimension was demonstrated by the statements of those respondents who referred to the social dimension of critically reflective working behaviour. Employees operate in a social context and open and critical discussion is necessary if individual and organisational improvements are to be realised.

11.8.6. **Experiment**

Schön (1987) makes a distinction between reflection-*on*-action and reflection-*in*-action. Reflection-in-action is a kind of experiment. When someone reflects in action he becomes a researcher in a 'practice' context. He is not dependent on established theory but constructs a new theory derived from this unique case. 'Experimenting' is often mentioned as the last

156

step in the reflection cycle. (See for example Dewey [1933], Korthagen [1985], Van Bolhuis-Poortvliet and Snoek [1997]). Brookfield (1987) sees the exploration of alternatives as one of the two central activities of critical thinking, the first being 'challenging assumptions'. Although the term experimentation was not mentioned by respondents in our study, they did mention the importance of putting ideas into practice. This is illustrated by the comment of one respondent who stated that 'good teams don't need a suggestion box, they immediately turn ideas into improvements'.

11.8.7. **Sharing knowledge**

Sharing knowledge can be seen as a dimension of non-defensive behaviour (Argyris and Schön, 1996). Sharing knowledge means that people are not just concerned with protecting their own position but want to be part of something that is bigger than themselves (Senge, 1990). If knowledge, insights, and visions are not shared, the organisation will not benefit and individuals will be frustrated in their attempts to change work practices. Critical reflection relates to a social context. A training manager at a bank commented that – 'good workers like to share knowledge with their colleagues, without thinking in terms of competition.'

11.8.8. **Awareness of employability**

The case study material showed that organisations benefit from 'employable' employees who ask themselves if they really want to stay in their current job or prefer to look for another job. The ability to take responsibility for one's own career is not only in the interests of employees. If, for example, jobs change substantially or even disappear in a legal employment protection context, where employees cannot be dismissed, then the development of people's employability is also in the interest of the employer.

Based on the above, the following definition of critically reflective working behaviour is put forward:

'Critically reflective working behaviour' relates to a set of connected activities, promoting excellent or innovative work practices on individual, team and organisational levels.

11.9. Organisational culture and critically reflective working behaviour

The managers at the cheese factory, the packaging factory and the bank all stressed that the ability to reflect critically on one's own performance cannot be seen as an independent variable, since it depends partly, at least, on the organisational culture in which the employees were raised and the degree of autonomy they experienced.

Both the department manager and the foreman in the cheese factory reported that shop-floor workers had been made very dependent on their line manager. If people made just one mistake they were never trusted again. This can be explained by the fact that the cost of a mistake was very high. However, later on when greater independence was demanded of the shop floor workers, they were reluctant to accept it.

A senior training advisor at a bank stated that failures to introduce teamwork might be due to the fact that many front-line workers had not learned how to think for themselves. At the giro bank employees had become so used to their routine jobs that they were not even able to pass a simple safety test on what to do in the event of a robbery. This could be related to the fact that they could not envisage a robbery taking place. As one employee stated: 'In all the 20 years I have worked here no such thing has ever happened'. Marsick (1987) argues that some workers have been so conditioned not to raise questions that they may lack the capacity to think critically.

The different organisations we studied gave accounts on how they considered critically reflective working behaviours could be encouraged. Suggestions box schemes were introduced in the packaging and the textile-printing factories. The plant manager at the packaging factory revealed, however, that this did not work well as many suggestions were submitted out of frustration or as a result of communication problems with supervisors. He stated that 'good teams do not need a suggestions box but immediately implement improvements'. He felt that praising people with good ideas was important. This enables those with creative ideas to function as role models for their colleagues. The packaging factory organises a special day each year when teams putting forward good ideas are publicly rewarded.

Another way to stimulate 'critically reflective working behaviour' is through involving workers in quality assurance systems. Ever since the supervisor of the packing department became responsible for the quality of her unit she became more autonomous in her behaviour. The department manager stressed that involving workers in formulating the procedures is especially important for the learning process. In the cheese factory, one manager made

198.1

the workers responsible for quality assurance procedures. This promoted the employees' capacity to think for themselves and function independently. Brookfield (1987) pointed out that when criticism of prevailing workplace norms is encouraged in collective forums, as is advocated by proponents of quality circles, companies begin to move beyond currently accepted modes of production. Critical reflection, then, can be seen as the central element in improving organisational performance.

Critically reflective working behaviour means learning from mistakes and not being afraid to look at one's weak points. A personnel manager at a bank reported that 'tolerance towards making mistakes' had recently become company policy and that 'showing one's vulnerability' was being stimulated. A training manager in the bank said that showing one's vulnerability is not easy in a culture where knowledge and competence are central to people's positions. Many employees hesitate to share knowledge with colleagues or to ask them for help or/and admit that they do not know something.

Many of the employees interviewed said that they did not have a good understanding of all aspects of their organisations. Communication between the different departments of an organisation, including shop-floor workers, can improve this situation. Efforts are being made in the textile-printing factory to make a transition from 'thinking in departments' to 'thinking in processes'. In this regard supervisors at the call centre and the textile-printing factory stressed the importance of communicating company policy to those working on the front-line or on the shop floor.

11.10. Conclusion

The results presented above tend to show that 'flexible competence' cannot be seen as an effective measure of output for informal on-the-job learning because it may only take into account the employer's view of 'ideal employees'. However, the results lead one to the conclusion that the capacity for 'critical reflection' may serve as a more effective measure of output for informal on-the-job learning. A key characteristic of professional or 'good employees' is that they work and learn in a 'critically reflective way'. Reflecting on one's behaviour in the job, learning from mistakes, sharing one's views, challenging the thinking of the group, asking for feedback, experimenting and sharing knowledge promote 'critical reflective work behaviour'.

These kinds of behaviour are promoted through being given autonomy, rewarded for innovative ideas, treated with tolerance even when one makes mistakes and by efforts being made to give employees a wide contextual understanding of all aspects of the organisation.

139

11.11. References

Argyris, C.; Schön, D.A. *Organizational learning II: theory, method and practice*. Reading. Massachusetts: Addison-Wesley Publishing Company, 1996.

Bolhuis, S.M; Simons, P.R.J. *Leren en werken*. Deventer: Kluwer, 1999.

Brookfield, S.D. *Developing critical thinkers*. San Francisco: Jossey-Bass Publishers, 1987.

Brooks, A.K. Critical reflection as a response to organisational disruption. *Advances in Developing Human Resource*, 1999, No. 3, pp. 67-97.

Deci, E.L. *Intrinsic motivation*. New York: Wiley, 1975.

Deci, E.L.; Flaste, B. *Why we do what we do. The dynamics of personal autonomy*. New York: Grosset/Putnam, 1995.

Deci, E.L.; Ryan, R.M. *Intrinsic motivation and self-determination in human behavior*. New York: Plenum Press, 1985.

Dewey, J. *How we think: a restatement of the relation of reflective thinking to the educative process*. Boston: Heath & Co, 1933.

Freire, P. *Cultural action for freedom*. Middlesex England: Penguin, 1972.

Kleinmann, M.; Straka, G.A. Selbstlernbereitschaft und erlebte Arbeitsplatzbedingungen von Beschäftigten in kaufmännisch-verwaltenden Berufen. Ergebnisse einer empirischen Pilotstudie. *In*: Sloane P. *Tagungsband zur Herbsttagung 1996 der Kommission Berufs- und Wirtschaftspädagogik der DGfE in Kassel*, 1996.

Korthagen, P. Reflective teaching and pre-service teacher education in the Netherlands. *Journal of Teacher Education*, 1985, Vol. 36, No. 5, pp. 11-15.

Kuchinke, K.P. (ed.) Proceedings of *the Annual Conference of the Academy of Human Resource Development*. Raleigh-Durham, 2000.

Marsick, V. *Learning in the workplace: theory and practice*. London: Croom helm, 1987.

Marsick, V.; Watkins, K.E. *Informal and incidental learning in the workplace*. London: Routledge, 1990.

Mezirow, J. A critical theory of adult learning and education. *Adult education*, 1981, Vol. 32, No1, pp. 3-24.

Schön, D.A. *Educating the reflective practitioner*. San Francisco: Jossey-Bass, 1987.

Senge, P.M. *The fifth discipline: the art and practice of the learning organization*. London: Doubleday, 1990.

Sternberg, R.J. *Beyond IQ: a triachic hierarchy of human intelligence*. New York/Cambridge: University Press, 1985.

Sternberg, R.J. *The triachic mind: a new theory of human intelligence*. New York: Viking, 1988.

Thijssen, J.G.L. *Leren, leeftijd en loopbaanperspectief [Learning, age and career prospect]*. Katholieke Universiteit Brabant, dissertation, 1996.

Van Bolhuis-Poortvliet; Snoek. *Reflecteren op stage-ervaringen*. Rijksuniversiteit Groningen, dissertation, 1996.

Van Woerkom, M.; Nijhof, W.J.; Nieuwenhuis, L. Critical reflection on the shop-floor, K.P.Kuchinke, ed., *Proceedings of the annual conference of the Academy of human resource development*, Raleigh-Durham, 2000.

PART THREE

Human resource development in support of organisational learning

201

CHAPTER 12

The learning organisation and HRD in the knowledge economy

Massimo Tomassini

12.1. Introduction

The idea of the learning organisation seems to have been in existence for a very long time, considering the average life cycle of other concepts and approaches targeted at scholars and managers in the field of human resource and organisation development. Such longevity is a consequence of the open nature of the learning organisation concept. For more than a decade it has been adopted and adapted by many and varied theories, all of which have provided specific tools, techniques and conceptual frameworks for different organisational and HRD policies in firms and other complex organisations.

For example, in many cases the learning organisation has been suggested as a rather humanistic idea, which is concerned with the active participation of people in work and organisational life. Dozens of superficial or just trendy (and now dated) approaches have been produced in order to claim a generic need for people to learn while working. The serious and, in many respects, still insuperable approach on this 'humanistic' side, is represented by Senge's idea of an organisation in which

> '...people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together'. (Senge, 1990: p.3)

Commenting on Senge's work, Argyris and Schön, the founding fathers of organisational learning, recognise that it is directly derived from their own theory-of-action perspective but in combination with other approaches (system dynamics and system thinking) and within 'a mixture that has a distinctly Utopian flavor' (Argyris and Schön, 1996: p.184; Tomassini, 1998). 'Humanistic' principles were similarly present in the idea of the learning

organisation as a 'learning company' (Pedler et al., 1991), in which the word company means not only the enterprise but also a place in which people live and learn together. A people-oriented approach was also provided by those educational contributions that see the learning organisation as an extension of the pedagogical concept of learning in the work environment rather than limited to individuals in educational contexts (Arnold, 1993).

In other theories, the learning organisation was a pragmatic metaphor that provided a conceptual umbrella for the exigencies of structural changes that were related to effective behaviours and performances within organisations. Outstanding representatives of such 'managerial' approaches have been, for instance, Hayes and colleagues, who, at the very beginning of the learning organisation movement, paid attention to the links between learning and the diffused intelligence in organisations in order to generate continuous improvements in manufacturing processes (Hayes et al. 1988). In a similar vein, Garvin linked the learning organisation concept to the total quality movement and tried to define the learning organisation in terms of measurable behavioural change (Garvin, 1993). Nevis and colleagues used the concept of the learning organisation as a basis for new kinds of cultural analyses of actors' behaviours in organisations linked to organisational change and competition issues for large enterprises (Nevis et al. 1995).

There are many other examples but the aim of this chapter is not to review the field. The above quotations are enough to show that whilst the meanings of the learning organisation were different in each case, all were under the same label. This has resulted in a semantic effect whereby the learning organisation has become a generic and 'institutional' heading for innovation and change through better learning. The use of the learning organisation idea was so widespread in the last decade that it became an accepted reference for many kinds of innovative organisational practices and this may explain why it is still has currency value among managers and other professionals in the field of human resources and organisation development.

A recent European study of 28 cases of medium-to-large European companies, together with a survey of another 165 companies, showed that the learning organisation is a widely recognised reference point for professionals and managers belonging to central HRD departments in firms of different sectors and countries (see Sambrook et al. in this volume). In particular, the research showed that the learning organisation concept is being increasingly adopted to support a better understanding of organisational realities, in which HR management and development activities are directly performed by line management instead of by HR staff. In the majority of cases studied, central HR departments tend to consider

themselves as support resources to line managers, or at least believe that they should be, and see their role as providing methods and interventions whose main rationale lies in the needs of the production lines. Company managers at different levels and in different areas expressed the view that 'creating the learning organisation' can be considered as a fundamental aim of development policies rooted within the quest for more effective performances, more efficient processes and increased competitiveness.

The wide acceptance of the learning organisation terminology and the way it offers an interpretation of these kinds of exigencies, seems to confirm the hypothesis that the learning organisation as an 'heuristic device' has been replaced over time by a 'realistic assumption' that influences corporate identities, creates new subjectivities and legitimates new expert knowledge. This is especially the case in large organisations (Gherardi, 1999).

In this sense, the institutionalisation of the learning organisation concept seems to have overcome the specificity of different visions and approaches within it. According to a recent review and interpretation, the learning organisation is becoming more and more an open reference point; one that has an action orientation, that tries to create an ideal type of organisation (in which learning is maximised) and represents the operational side of the more academic (and maybe more 'respectable') concept of organisational learning (Easterby-Smith, 1997; Easterby-Smith et al., 2000). From a critical perspective inside organisational science, discourses on the learning organisation can be depicted as having in common a sort of pre-selection and bias. The organisation is always seen as a congregation of individuals acting as members of a given workforce whose behaviours must be positively restructured, while learning is assumed as a phenomenon that can always be managed and – according to some of the above theories – measured in all its details (Gherardi, 1999).

Therefore, a fundamental question is whether the traditional and institutionalised concept of the learning organisation, while still providing inspirations for innovative HRD policies and interventions in organisations, has within it the seeds of an emerging crisis. In particular, the different perceptions and understandings around organisations and learning between the last decade and the current one, forces us to ask what kind of learning organisation is needed that is less related to managing workforces and more to managing knowledge. This changes the function and meaning of learning to an activity involving people as actors of cognitive and behavioural performances. From within this perspective, knowledge acquires a specificity on its own. While it is true that the wider, and strategically more relevant part

of value-creating knowledge is embedded in people, the emphasis on knowledge fundamentally changes the ways in which people are perceived, while knowing, learning and working become more important.

This has consequences for the ways in which HRD policies should provide tools for training activities, for cooperative work, for reward and for motivation schemes and so on. Traditional HRD policies, based on abilities and/or performances, must be integrated with new elements allowing dynamism of organisational forms, innovation as knowledge creation, effective growth and distribution of expertise. Thus, HRD has increasingly to do with a notion of knowledge management, which is far more extensive than the current dominant model, which is largely technology related.

However, this kind of knowledge management is insufficiently understood in the traditional institutionalised logic of the learning organisation. For instance, the European research mentioned above was conceived in a perspective which linked learning organisation and lifelong learning as firm policies for individual and group development. It only partially captured what is new in companies in relation to the emerging value of knowledge. For these reasons, the learning organisation, as an inspiring metaphor for the development of human resource, should be rethought in order to accommodate the processes through which knowledge (which is largely embedded in HR) is enabled and managed.

This chapter tries to highlight some possible lines for this rethinking based on a hypothesis that traditional theories of learning organisation can still provide an important contribution but have to be challenged with epistemologically different theories stemming from knowledge-oriented studies and interventions. In section two, different links are established between the dynamics of the knowledge economy and the learning economy and the micro-organisational dimension. In particular, it considers Nonaka's contribution and the main differences between his concept of organisational knowledge and that which underlies the 'classical' learning organisation approach. It also identifies a need for new meanings about the learning organisation that include knowledge creation phenomena. Section three presents a hypothesis for the development of the learning organisation construct that owes its inspiration to an article by Nonaka and Konno. This hypothesis is developed within a draft model that represents a first step for wider research activities, one which is particularly aimed at comparing different epistemological assumptions on knowledge and learning. The final concluding remarks pose some research questions for these theoretical developments to be expanded in future research programmes.

12.2. Towards new meanings of the learning organisation

The hypotheses about the knowledge economy and the learning economy raise the question 'what is a learning organisation?' in a new way. Lundvall's approach in particular, (European Commission, 1999) forces us to rethink the learning organisation concept based on the assumption that there is continuity between knowledge and learning. In this context, knowledge is the resource validated by learning activities that can ensure satisfactory performances in relation to the complexity of competitive environments. These learning activities are considered, in a broad sense, as knowledge creation, knowledge use and knowledge exchange. The emerging characteristics of the learning organisation seem to be linked to the strategic development of knowledge resources. Similarly, managing the learning organisation means maintaining and enriching the specificity of processes and products that develop knowledge, in particular the tacit knowledge that is the hidden fabric of individual and collective competences within the organisation that makes the difference in terms of competitive advantage. From this perspective, the winning behaviour of an enterprise's management is less orientated towards chasing competitive or hyper-competitive markets at any price and more to increasing performances through effective internal and external learning processes and the type of knowledge already held by the firm. This includes knowledge embedded in people and in technologies.

At the organisational level, increasing interactions are needed between people, processes and different operational units within the same process. Reliable communications, mutual trust and social cohesion amongst actors are important success factors that obviously require intense re-thinking of the Fordist/Tayloristic organisational model. The learning organisation then appears as a place where these competences, which are difficult to reproduce, are legitimated and managed by recognising and valuing their idiosyncratic traits within organisations and not through standardisation.

At the inter-organisational level, the interactions with markets and other organisations have to be continuously reinforced through the exploitation of ICTs and web opportunities and, at the same time, through active participation in local networks and the enhancement of location, connectivity and accessibility factors.

From the HRD viewpoint, the learning organisation represents the environment where the synergy between HRD and all of the other knowledge-managing functions inside the firm (strategy creation, marketing, manufacturing, etc.,) take place. Thus, knowledge management appears as

206

something much more extended than a strictly technology-related activity. It also includes promoting an integrated approach to the creation, capture, organisation, access and use of an enterprise's information assets. These assets may be structured databases, textual information such as policy and procedure documents and, most importantly, the tacit knowledge and expertise resident in the heads of individual employees (Cushman et al., 1999). The new notion of the learning organisation, which is consistent with the emerging trends of the knowledge economy, seems to be structurally far removed from this kind of knowledge management. However, at the same time, it shows similarities with the kind of knowledge management implied by Nonaka's model of the knowledge-creating company.

In such a model, knowledge in more innovative organisations is seen as created by the interplay between explicit and tacit knowledge, continuously 'converting' one to the other. The model is articulated into four different modes of knowledge conversion, defined as: socialisation (tacit knowledge converted into other tacit knowledge); externalisation (the passage from tacit to explicit knowledge); combination (between different types of explicit knowledge) and internalisation (the passage from explicit to tacit knowledge). A 'knowledge spiral' can be activated, involving these four modes in which the interactions between tacit and explicit dimensions tend to increase. However, this requires management, especially middle management, to be aware of the nature and role of knowledge (Nonaka, 1994).

Of course, looking at the learning organisation from within a perspective close to the knowledge-creation approach generates several conceptual contradictions. There are profound and incurable divergences between the 'classical' learning organisation and the knowledge creation approaches particularly around the meaning of organisational knowledge and other fundamental issues. Such divergences appear clearly as soon as knowledge creation is compared with organisational learning, which, on the academic side at least, is the conceptual underpinning of the learning organisation according to the 'action science' approach (Argyris and Schön, 1978, 1996).

From the learning organisation and the organisational learning viewpoints, organisational knowledge is brought about through the 'enquiries' that actors undertake in order to identify shared solutions to the 'errors' of the organisation. Really effective enquiries are those that take place within double-loop learning conditions that allow changes in actors' thinking and acting that, in turn, yield changes in the design of organisational practices (Argyris and Schön, 1996). From the same perspective, the learning organisation approach uses enquiry as an instrument for helping actors to hold their conversations and openly share views and develop knowledge

217

about each other's assumptions. This implies the discovery of mental models that underlie organisational action, that is, the existence of 'theories-in-use', images, assumptions and stories that usually assist navigation through the complex environments of the worlds we live in (Senge, 1994). In contrast, from the knowledge creation viewpoint, every single act of creation of organisational knowledge, although carried out by individual actors, has value as it is depersonalised and takes place in the organisational knowledge network of the firm (Nonaka and Takeuchi, 1995). Knowledge creation is less in the heads of actors and more in the organisational fabric itself and is generated by processes that take place within internal and external 'communities of interaction' (according to a vision that Nonaka recognises as very close to theories of situated knowledge and communities of practice). Thus, organisational knowledge within the learning organisation view is assumed to be a psycho-sociological dimension in which individuals interact through exchanges of their images of organisation. This is in contrast with the knowledge creation view in which the individual knowledge is itself produced by a context that shapes people's ways of thinking and acting.

Of course these different views are strictly linked with different concepts of organisation. Argyris believes that an organisation as a 'holding environment for knowledge' (in actors' heads, in files and in various kinds of artefacts), while at the same time it represents knowledge in the sense that it embodies strategies for performing complex tasks. Nonaka, on the other hand, assumes that organisation is an ever-changing phenomenon as it continuously recreates itself through destruction of existing knowledge systems and innovation of routines for thinking and doing things.

Similarly, hypotheses on knowledge management seem totally heterogeneous across the two approaches. From the learning organisation perspective, knowledge management seems to coincide with interventions for overcoming organisational defences and for alignment of visions through the comparison of mental models. In these interventions external actors, (such as researchers-consultants) who are supposedly able to identify and support the emergence of the 'right' solution within any specific context, play a fundamental role. From the knowledge creation perspective, the principal actors of knowledge management are inside the organisation. In particular, they are the middle managers whose main aim is not to solve conflicts and create defences but to develop management forms based on engagement, creative chaos and so on, which assure the production of new, tangibly effective knowledge.

Hence, on one side there is a kind of organisational knowledge aimed primarily at overcoming mental barriers and interaction abilities. In contrast,

248

on the other side is a kind of organisational knowledge that transcends contradictions within its spiral functioning and tends to acquire value as it generates new knowledge and productive outcomes. It is impossible not to recognise the incurable epistemological divergences between the two views. Nevertheless, when considering the new tasks of HRD in the knowledge and learning economies, it is extremely important to enlarge the meaning of the learning organisation beyond its classical background in order to include knowledge creation phenomena.

12.3. An hypothesis for the development of the learning organisation construct

Nonaka and Konno (1998) define the management of complex organisations as the management of different 'shared spaces of emerging relations' and provides some important clues for enlarging the meaning of the learning organisation. Nonaka and Konno see organisations as articulated into spaces of a different nature. There can be physical spaces (e.g. an office), virtual spaces (e.g. the space created by the web, e-mail and teleconference devices), mental spaces (generated by shared experiences, ideas, ideals) or different possible combinations of the above (Nonaka and Konno, 1998: p.40). Such spaces are related to the dynamics of 'knowledge conversion' and are defined with the help of the Japanese concept of '*ba*' - which means 'space' - but with a specific emphasis on the factors of interaction and knowledge creation that take place inside it.

'Knowledge is embedded in *ba* (in these shared spaces) where it is then acquired through one's experience or reflections on the experiences of others. If knowledge is separated from *ba*, it turns into information, which can be then be communicated independently from *ba*. Information resides in media and networks. It is tangible. In contrast, knowledge resides in *ba* and is intangible.' (Nonaka and Konno, 1998: p.40.)

Developing this concept and integrating it within the model of the knowledge spiral, Nonaka and Konno define four fundamental spaces within organisations (see Figure 1). The first is the originating *ba*, 'the world in which individuals share feelings, emotions, experiences and mental models'. It is the primary *ba* corresponding to the mode of socialisation in Nonaka's scheme, where physical and direct experiences prevail as media of tacit knowledge conversion and transfer. The second is the interacting *ba*, more deliberately built than the originating *ba* and corresponding to the externalisation mode, which is the passage from tacit knowledge to explicit

knowledge. It represents the place of dialogue and of metaphors through which mental models and individual abilities are converted into common concepts and terms. It allows the transfer and productivity of knowledge within project teams, task forces and inter-functional teams composed of selected people with the right mix of specific knowledge and capabilities for team working.

The cyber *ba* corresponds to the combination mode. It is the place of interactions in a virtual world instead of real space and time. This is the space generated through the use of the World Wide Web, of on-line networks, groupware and database systems. Finally, the exercising *ba* supports the internalisation mode, that is, the conversion of explicit knowledge into tacit knowledge, as in activities facilitated by senior mentors and colleagues. It consists of continuous exercises for the reinforcement of working patterns through on-the-job-training and active participation in working practices. 'Rather than teaching based on analysis, learning by continuous self-refinement through on-the-job training or peripheral active participation is stressed'.

Figure 1. **'Spaces of emerging relations'** (from Nonaka and Konno, 1998)

ORIGINATING *BA* (Socialisation)	**INTERACTING *BA*** (Externalisation)
'The world in which individuals share emotions, feelings, experiences and mental models'	Conversion (through dialogue and use of metaphors) of mental models and individual abilities into concepts than can be productively used
EXERCISING *BA* (Internalisation)	**CYBER *BA*** (Combination)
Exercises for reinforcement of working patterns through on-the-job-training and active participation in working practices	'The world of virtual interactions' on the web, on-line networks, groupware and database systems

Nonaka's 'space of emerging relations' provides relevant reference points for updating the learning organisation concept in a way that is congruent with the exigencies of the new economy based on knowledge and learning. Such spaces represent action areas that enable an understanding of knowledge management from a logic beyond the mere technological dimension and of management as a function not limited to control.

BEST COPY AVAILABLE

This chapter goes on to present a specific hypothesis for diffused knowledge management and the HRD needed to support it, in which the learning organisation is conceived as an ensemble of spaces but in a wider sense that those of Nonaka. These spaces are defined as care of people, development of communities, appropriate use of ICTs and management of competences (see Figure 2).

Figure 2. **Learning organisation as a model for integrated HRD**

CARE OF PEOPLE	DEVELOPMENT OF COMMUNITIES
Facilitating individual development paths and trust relationships between people	Identifying different communities of practice within the organisation and supporting their autonomous abilities for learning and development
MANAGEMENT OF COMPETENCES	**APPROPRIATE USE OF ICTs**
Developing expertise. Linking the firm's distinctive know-how with individual performance	Maintaining communication and sense making. Supporting the design and use of technologies and allowing the perspective-making and perspective-taking of different communities

12.3.1. Care of people

Care is a crucial factor for knowledge creation, handling and development. It takes place within the inter-personal dimension where exchanges of tacit knowledge occur and is strongly influenced by subjective factors. This is the typical dimension of the increased attention that more advanced companies are now devoting to their employees (Petrucci and Masera, 1999). The classical learning organisation culture has always been concerned with the care of the subjective and interpersonal dimensions. It is a perspective in which the true leader is seen as somebody who is primarily able to take care of collaborators in a threefold capacity of 'designer, teacher, steward' (Senge, 1990). This is very different from the charismatic, decision-maker type of leader.

The first of Senge's famous learning organisation's five disciplines, 'personal mastery', is directly linked to the widening of personal abilities and the attainment of desired outcomes within environments that encourage self-development. Personal mastery, which can be supported by specific HRD visions and tools, aims at seeing current reality clearly and maintaining a

BEST COPY AVAILABLE

creative tension between aspirations and reality, avoiding the traps of static ways of behaving and interacting (Senge, 1994).

In a less prescriptive approach, the recent idea of 'management of uniqueness' focuses on care for people in order to reach 'a highly differentiated management, able to grasp what is unique and unrepeatable in every human (person or organisation) system' (Pievani and Varchetta, 1999: p.7).

This is in some way a foundation for every form of knowledge-oriented management, given that:

> 'to care for somebody is to help her to learn, to help her to increase her awareness of important events and their consequences and to help nurture her personal knowledge creation while sharing insights' (von Krogh, 1998: p.137).

From this point of view, knowledge-oriented management can be articulated into five main dimensions; mutual trust, active empathy, real help, lenient judgement and courage (von Krogh, 1998: p. 138). This overturns many current assumptions about knowledge management as the assessment of management effectiveness is related to the intensity of care for human/knowledge resources. When care is low, situations of knowledge capture typically occur in which individuals act in a state of isolation trying to achieve what Merleau-Ponty called the 'maximum grip' on knowledge objects, being satisfied by limited feed-back from others and developing knowledge of a private nature. Accordingly, at the social level, the equivalent of capture is 'transaction', whereby tacit knowledge holders play the role of experts who negotiate their knowledge and calculate the risks of transmitting new knowledge so as to lower them as much as possible. Knowledge sharing is, therefore, based on calculated returns and is produced through a process of learning, which is also referred to the 'maximum grip' rule (within the logic 'give me this document and I'll give you this other one'). In this sense, where sharing is limited to explicit knowledge and learning processes remain hidden, it is impossible to socialise unconventional forms of language such as analogies and metaphors and there is a general lack of courage, trust and lenience.

In contrast, when care prevails in organisational relationships, trust is dominant and the general rule is not 'maximum grip' but 'maximum leverage' on others' knowledge. In this case the situation of bestowing occurs in which individuals are supported to gain the courage for expressing ideas, receiving feedback from others and integrating within the group. The social equivalent of bestowing is defined by von Krogh as 'indwelling', a term used by the philosopher of science Polany, to mean a radical change about an idea or an activity with a shift from a 'looking at' to a 'looking with' perspective. Indwelling situations are those in which knowledge creation occurs among peers and the

social environment is ready to discuss and change the basis of legitimate knowledge, and to develop forms of knowledge-sharing that support the growth of the group and the entire organisation (von Krogh, 1998: p.140).

As far as HRD is concerned, it is evident that care is the space in which many different interventions can be developed in order to support forms of management sensitive to the intra and inter-personal dimensions of knowledge development. This perspective allows a relevant shift of focus of organisational and education/training interventions towards approaches that are aimed at handling personal and emotional factors in an open and collectively verifiable way.

12.3.2. **Development of communities**

Development of communities is the space in which knowledge becomes productive through interactions within and between individuals and groups. It represents knowledge transformations from the individual to the collective dimension and from the sphere of ideas to that of concrete outcomes and products.

The community of practice approach is particularly relevant in this space as it couples an emerging vision of the nature and the functioning of groups in organisations with clues for managerial action that should be carefully taken into account for HRD interventions. A community of practice is characterised by three essential conditions. The first one is that its members are – and feel themselves – engaged in 'a joint enterprise', negotiated in its different aspects. The second is the 'mutual engagement' linking the members in a common identity within a given social entity. The third is the existence of a 'shared repertoire' of common resources including:

> 'routines, words, tools, ways of doing things, stories, gestures, symbols, actions or concepts that the community has produced or adopted in the course of its existence, and which have become parts of its practice' (Wenger, 1988: p.83).

From this perspective, learning cannot be conceived as a separate activity but as something that happens continuously within the community, although the members could be unaware of it and the results of actions may not be immediately congruent with specific practical aims. Organisational knowledge is, therefore, considered as something 'embedded' or 'situated' in the context; the community of practice is a physical and social locus in which learning, knowledge creation and work take place. The community's knowledge is not so much in the heads of its members but in its structure and social functioning (Suchman, 1987).

213

The impact of such a perspective on ways of conceiving knowledge management is evident. Knowledge management appears as an activity for the valorisation of learning within communities. Managing an organisation in which different communities of practice exist, means first of all being able to understand their dynamics and being able to influence them positively. Management should engage in recognising and valuing the results of the communities and in supporting innovations carried out by their members. Such support should not be intrusive in order to avoid the risk of burdening potential innovators with the restrictions of dominant hypotheses and values (Lave and Wenger, 1991). From this perspective, HRD should carry out targeted activities for designing organisational architecture, designing the links between different communities and designing ways for making visible the most relevant outcomes of communities. In the HRD model suggested by the communities of practice approach, managerial abilities are equated to abilities for setting up shared forms of organisational design and planning. 'Designing the organisation' appears as a continuous process in which different interests and viewpoints should converge while developing dimensions such as creativity, coordination and engagement (Wenger, 1998). The first imperative for management is, therefore, to understand and respect the community's ways of working and innovating and to avoid as much as possible the superimposition of external solutions (Brown and Duguid, 1989).

The development of communities is also an important aim in other organisational approaches, including the 'classical' learning organisation approach within which the concept of 'communities of commitment' (Kofman and Senge, 1993) was developed in order to underline the personal transformation of individual members. Moreover, three of Senge's five disciplines ('mental models', 'shared visions', and 'team learning') are dedicated to forms of work cooperation within communities, assumed not as social loci of 'situated knowledge' but in terms of interactions between organisational actors willing to advance on the ground of awareness and mutual learning. In this perspective, the discipline of mental models is about images, assumptions, stories and maps embedded in our minds and concerning ourselves, others and every aspect of the world. This is based on the hypothesis that human beings cannot navigate in complex environments without mental maps although mental maps are always in some ways inadequate. Therefore, changing a group's mental models can be fostered through helping members to reflect and improve their internal *weltanschaungen* taking into account the kinds of decisions and actions generated by them (Senge, 1990; Senge et al., 1994). Similarly, shared visions are those regarding the deep meaning of the ultimate goals of an

organisation or group. They create the images of the future as frames for individual objectives and as reference points for the attainment of such objectives.

The discipline of team learning tends to transform the skills of conversation and collective thinking in such a way that teams can develop intelligence and abilities to a larger extent than those attached to individual talents (Senge et al., 1994). From this perspective team learning is more complex than the management of group dynamics (based on effective communications and good interpersonal relationships) or team building (which tends to improve individual abilities in collective performance achievement). Team learning is actually aimed at transforming agreement based on consensus into alignment aimed at fine tuned functioning.

Within the knowledge creation approach, communities also play an important role, given that knowledge conversion processes move from individuals and continue within expanding communities of interaction that cross sectional, departmental and divisional boundaries in the organisation or even its external boundaries (Nonaka and Takeuchi, 1995). Such communities are coordinated by middle-managers whose main aim is to mediate – according to a middle-up-down approach – between senior management visions and the creative skills of individuals and groups throughout the organisation, or, in other words, between top-down and bottom-up innovation paths.

From this viewpoint, synergy between group activities and individual knowledge creation and accumulation can be attained when five fundamental conditions for the development of the knowledge-creating company are carefully managed:

(a) collective engagement – allows constant re-orientation of individuals' thinking and behaviours;
(b) cooperation environments such as self-organised inter-functional teams;
(c) fluctuation and creative chaos – stimulated by management in order to keep the organisation open and able to bear the breakdown experiences that force people to re-consider their own perspectives and to engage in dialogue;
(d) redundancy – linked to the circulation of information going beyond immediate operational needs;
(e) requisite variety - where internal differences have to match environmental varieties and complexities through flexible and lean organisational structures and through interconnections of different units within integrated information networks (Nonaka and Takeuchi, 1995).

12.3.3. **Appropriate use of ICTs**

Information and communication technologies support organisational processes in different ways and produce a remarkable widening of organisational and inter-organisational relationships. ICT development, therefore, supports the growth of synergy between different pieces of explicit knowledge, that is, information of a different nature. New knowledge is continuously reproduced through such a combination. For instance, it occurs when a specific set of information is merged with another set within a database.

Within ICT development trends, accelerated by the amazing success of the Internet, the HRD role in support of diffused knowledge management should be particularly geared to handling the problem of communication and meaning. Organisation is the place for communicative interactions and it is characterised by having specific goals and meanings. However, it cannot be equated with a generic media space. In Nonaka's model, cyber *ba* is defined as the space in which an understanding of what is communicated must occur.

Therefore, the emerging notion of the learning organisation should cover forms of knowledge management that take into account the learning content of informed communication. From this viewpoint, knowledge management can be seen in two different ways, either as management of information or as management of people (Sveiby, 1999). Management of information is a construct typically used by scholars in a wide range of disciplines – from artificial intelligence to engineering – in which knowledge is assumed to be an 'object' to be treated in information systems. In contrast, management of people is used by sociologists, anthropologists and psychologists who consider knowledge as a process to be managed within organisational dynamics.

In a similar way, a recent study of large consulting companies pinpointed two main trends in knowledge management. The first is codification, whereby knowledge management is aimed at providing the implementation of fast, reliable and high quality information systems allowing the re-use of codified knowledge. The second is personalisation offering creative and analytically stringent support to address high level strategic problems drawing on individual expertise (Hansen et al., 1999). The study underlined that the two trends are not mutually exclusive, as different firms tend to prefer one approach but also invest in the other one as a supporting strategy.

In these terms, HRD policies in support of diffused knowledge management should favour the personalisation model rather than the codification model, particularly if this only means extracting knowledge from experts, that is, codifying tacit aspects of their knowledge and competences.

216.

Knowledge is a complex resource that cannot be 'forced' to emerge as it requires a deep understanding of its implicit learning and social-symbolic interaction phenomena. Therefore, HRD activities should care about different factors to assure a balance between information gathering and intra and inter-organisational dialogue.

These kinds of issues can be satisfied by, for example, the 'constructivist' approach to organisational reality. Within such an approach, interesting proposals have been put forward (see, for example, Boland and Tenkasi, 1995) for the introduction of ICTs to support knowledge-sharing processes. They suggested the construction of 'communities of knowing', which are epistemologically distinct from 'communities of practice'. The former are not based on forms of knowledge 'situated' within the organisational fabric but are related to specific clusters of disciplinary knowledge and to specific ways of problem solving. For instance, large, high technology enterprises can be considered as populated by different 'communities of knowing', each one dealing with a single part of a broader problem and interacting with other communities through forms of sense-making that need to be continuously maintained (Boland and Tenkasi, 1995).

This is a crucial issue, especially considering that, in many contexts, the combination of large amounts of information and knowledge frequently involves confrontational dialogue between different communities within the same organisation and the triggering of knowledge spirals that belong to different disciplinary and working contexts. Boland and Tenkasi define these issues in terms of 'perspective-making' and 'perspective-taking'. The former is the process whereby a community of knowing develops and continuously strengthens its own area of knowledge and practice, managing to include all complexities in a narrative framing of the experience that allows the switch from undifferentiated and global naming to a more precise explanation. The latter is a process of exchange, evaluation and integration of the knowledge of a given community with that of other interacting communities. For perspective-taking to occur, the various knowledge resources possessed by individuals in the organisation must be represented as unique and made available to others so that they, in turn, can incorporate it in their perspective-taking. The foundation of perspective-taking lies in giving value to the diversity of knowledge by allowing each type of expertise to give specific representations of what it has achieved and in allowing actors with different expertise to recognise and accept better the ways of knowing that are typical of others (Boland and Tenkasi, 1995).

From this point of view, helping organisational and inter-organisational communities to define their ways of perspective-making and perspective-

taking emerges as a task for HRD that integrates socio-cultural issues with those at the level of ICT management.

12.3.4. **Management of competences**

Competences are crucial assets for enterprises' competitive advantage and are a fundamental issue within knowledge management. As pointed out by the resource-based view of the firm, development strategies should aim to recombine available competences in order to keep their mix and value higher than their competitors (Kogut and Zander, 1992). This entails paying specific attention both to the evolutionary traits of firms' know-how and to the subjective side of competences. Managing competences requires support for the formation of individual expertise and maintenance, that is, the conversion of the explicit knowledge of the firm into the tacit knowledge of individuals. HRD within this new learning organisation perspective has an important role to play as an internalisation agency. 'Creating experts for an organisation which is able to learn continuously' could be an appropriate slogan.

Being an expert does not only mean 'to know' or 'to hold knowledge' in a specific field. First of all it means to be able to implement knowledge competently in order to perform tasks and to solve problems (Brown and Duguid, 1989). The difference between 'declarative' and 'procedural' knowledge, as defined by cognitive psychology, is crucial to this process. Declarative knowledge – in some way close to explicit knowledge – is typical of 'novices' and allows the step-by-step execution of specific activities, deconstructing problems and implementing what has been learned within formal education paths. Procedural knowledge – which is conceptually close to tacit knowledge but cannot be equated to it – is based on a background of experience. 'Experts' are able to skip many steps of reasoning needed by novices and can get to solutions through a mix of intuitive and analytical thinking generated by experience and the ability to recognise relevant environmental patterns quickly.

The continuous improvement of the procedural dimension seems to be the real characteristic of the learning organisation and HRD policies can contribute to this. The first of these policies is about improving the quality of traditional training and education courses. Courses do not lose their importance but they need substantial re-thinking when the goal is to reach progressive and more real work competences rather than creating 'once-and-for-all' well-defined skills for executing specific tasks. The second important policy is about recognising and enhancing the area of on-the-job training. Focused training with experienced mentors and colleagues can enable the reinforcement and elaboration of behavioural patterns in terms not so much

218

of teaching but of support for self-refinement which is also linked to 'legitimate peripheral participation' processes (Nonaka and Konno, 1998). This, of course, requires developing the coaching and mentoring abilities of line managers and of all those having responsibilities for HR management.

It is also important that the organisation has a strategic approach to competences. It is necessary to undertake and up-date inquiries into competences in the organisation in order to create appropriate links between recognition, career and reward policies. This is important not only from the point of improving effectiveness but also for assuring the diffusion of the firm's values relating to 'free expression' (Prietula and Simon, 1989). In all of these policies, HRD should link the individual and organisational dimensions of competence. The processes of internalisation, which are typical of this space, are subtle and entail transfers from the organisation to individuals in areas of specific competence that have to be enriched in order to offer value-added knowledge for the individual.

Therefore, HRD policies should take into account both the level at which the organisation considers performance as 'excellent' (Boyatzis, 1982) and the characteristics of the distinctive know-how that represents the 'core competence' of the firm (Hamel and Pralahad, 1994).

12.4. Conclusion – some lines for future research

This chapter has explored some reference points and established some baselines for a wider research effort on the development of the learning organisation concept within the context of a knowledge/learning economy and how it can be supported in enterprises by HRD strategies and activities. In such a context, the key to economic performance is no longer a fixed knowledge base, or information-access capacities as such, but rather the ability to adapt rapidly to new conditions and to develop new capabilities for innovation. A new concept of the learning organisation must incorporate the need for knowledge-creation, knowledge-handling and knowledge-development. It must reflect the need for a diffusion-based 'management of knowledge', which is different from current technology-based 'knowledge management' and must provide new inputs to the HRD function.

Possible new meanings of the learning organisation have been reviewed in relation to four 'spaces of emerging relations' within organisations that can be defined in terms of 'care of people', 'development of communities', 'appropriate use of ICTs' and the 'management of competences'. Together, these spaces represent a large field in which further research should be

undertaken. Such research should focus on the comparison of different epistemological positions including those of the learning organisation, organisational learning, knowledge creation and others generated by recent organisational theories. On the practical side, new research projects should investigate HRD tools and techniques consistent with the new concept of learning organisation as diffused knowledge management.

'Care of people' is the space for the facilitation of trust, empathy, courage and other positive personal and social attitudes. In such a space, where empowerment policies are absorbed by far-reaching policies for 'managing uniqueness', new research should work through the questions related to the actual status of the 'organisational actor' within organisational theory. Different epistemological principles (cognitive, constructivist, connective or autopoietic principles) must be compared. Interesting outcomes would be newly positioned organisational programmes for personal development as a basis for knowledge development, with the active involvement of people within the organisation.

'Development of communities' is the space for management activities dealing with the ways in which communities of practice emerge, develop and provide productive outcomes. Managing communities is a commitment beyond the management of group dynamics, requiring the specific ability to interpret aspects of collective learning. Important research questions in this area seem to be those addressing how the HRD function could reconcile the use of methods for competence development with the facilitation of communities of practice. From this baseline it may then be possible to encourage the design of new programmes for middle managers aimed at improving their abilities to support learning in these communities.

'Appropriate use of ICTs' is typical of the kind of knowledge management in which communication and data-processing opportunities provided by technologies are developed. Specific attention should be paid to maintaining the 'sense-making' of electronically mediated interactions and operations. New research should also deal with issues such as the relationships between remote communities of Internet and Intranet users. For practitioners, this could produce interesting clues both for improving the use of the simplest communication tools (starting with e-mail) but also for the design of new advanced technologies.

Finally, 'management of competences' is based mainly on on-the-job training, mentoring and coaching activities and is aimed at developing specific expertise in the organisation and linking the strategic dimension of the firm's 'core competence' with the organisational/HRD dimension of individual growth. Points of overlap and difference should be identified

between actions aimed at creating and nurturing organisational knowledge development and those actions whose main purpose is to accompany individuals in their own knowledge development.

12.5. References

Argyris, C.; Schön, D.A. *Organisational learning: a theory of action perspective*. Reading Mass: Addison-Wesley, 1978.

Arnold, R. 'Learning organization: in cosa consiste e quali aspetti della formazione aziendale sono messi in discussione. *Infelise* L., 1994.

Boland, R.J.; Tenkasi, R.V. Perspective making and perspective taking in communities of knowing. *Organisation Science*, 4, 1995.

Boyatzis, R.E. *The competent manager: a model for effective performance*. New York: Wiley and Sons, 1982.

Brown, J.; Duguid, P. Organisational learning and communities of practice: toward a unified view of working, learning and innovation. *Organisation Science*, 2, 1991.

Cushman, A.; Fleming, M.; Harris, K.; Hunter, R.; Rosser, B., *The knowledge management scenario: trends and directions for 1998-2003*. The Gartner Group, Xerox.

Drucker, P. *Post-capitalist society*. It. (ed) *La società post-capitalistica*, Milano, Sperlig and Kupfer, 1993.

Easterby-Smith, M. Disciplines of organisational learning: contributions and critiques. *Human Relations*, vol. 50, 9, 1997.

European Commission. *The globalising learning economy: implications for innovation policy*, Luxembourg, report by Lundvall B.- A. and Borras S., Office for Official Publications of the European Communities (Eur 18307) 1999.

Foray, D. and Lundvall, B.A. (Eds.) *Employment and growth in the knowledge-based economy*. Paris: OECD Documents, 1996.

Garvin, D.A. Building a learning organisation. *Harvard Business Review*, July-August, 1993.

Grant, R. M. Toward a knowledge-based theory of the firm. *Strategic Management Journal*, 17, 1996.

Hamel, G.; Prahalad, C.K. *Competing for the future*, Boston: Harvard Business School Press, 1994.

Hansen, M. T.; Nohria, N.; Tierney, T. What's your strategy for managing knowledge? *Harvard Business Review*, March-April, 1994.

Hayes, R.H.; Wheelwright, S.C.; Clark, K.B. *Dynamic manufacturing: creating the learning organization*. S. Francisco: Jossey-Bass, 1991.

Kofman, F.; Senge, P.M. Communities of commitment: the heart of learning organisations. *Organizational Dynamics*, Fall, 1993.

Kogut, Zander, 'Knowledge in the firm. Combinative capabilities and the replication of technology'. *Organisation Science*, vol. 3. 1992.

Lave, J.; Wenger, E. *Situated learning: legitimate peripheral participation*. Cambridge: Cambridge University Press, 1991.

Lundvall, B.A.; Johnson, B. The learning economy. *Journal of Industrial Studies*, vol. 1., 2, December 1994.

Lundvall, B.A., (ed) *National system of innovation: toward a theory of innovation and interactive learning*. London: Pinter, 1992.

Nevis, E.C.; Di Bella, A.J.; Gould, J.M. Understanding Organisations as Learning Systems. *Sloan Management Review*, January, 1995.

Nonaka, I. The knowledge-creating company. *Harvard Business Review*, November-December, 1991.

Nonaka, I.; Takeuchi, H. *The knowledge-creating company*. Oxford University Press: New York – Oxford, 1995.

Nonaka, I.; Konno, N. The concept of *Ba*: building a foundation for knowledge creation. *California Management Review*, 40, 3, 1998.

Petrucci, S.; Masera, A., Come ti coccolo il dipendente and Non ti licenzierò mai. *Panorama*, August, 1999.

Pievani, T., Varchetta G., *Il management dell'unicità. Organizzazione, evoluzione, formazione*, Milano, Guerini, 1999.

Prietula, M.J., Simon H. The experts in your midsts. *Harvard Business Review*, January, 1989.

Ruggles, R. The state of the notion: knowledge management in practice. *California Management Review*, 40, 3. 1998.

Senge, P. M. *The Fifth Discipline. The art and practice of the learning organization*. New York: Doubleday Currency, 1990.

Senge, P. M.; Roberts, C.; Ross, R.; Smith, B.; Kleiner, A. *The Fifth Discipline Fieldbook. Strategie and Tools for Building a Learning organization*. New York: Doubleday Courrency, 1994.

Suchman, L.A. *Plans and situated actions: the problems of humane machine communication*. Cambridge MA, Cambridge University Press, 1987.

Sveiby, M. *What is knowledge management*. Web document, 1999.

Tomassini, M. Introduction to the Italian edition of Argyris, C.; Schoen, D.A., 1996: *Apprendimento Organizzativo. Teorie, metodi, pratiche*, Milano, Guerini, 1998.

TSER research project. *European survey about the Human Resources Development function in large companies and about the development stage of the learning organisation concept*. University of Twente -The Netherlands, 1999.

Von Krogh, G. Care in Knowledge Creation. *California Management Review*, 40, 3. 1998.

Wegner, E. *Communities of practice: learning, meaning and identity*. Oxford: Oxford, University Press, 1998.

Wenger, E. *Communities of practice: the social fabric of a learning organisation*. Web document, 1996.

CHAPTER 13

The changing role of HRD practitioners in learning-oriented organisations

Sally Sambrook, Jim Stewart and Saskia Tjepkema

13.1. Introduction

This chapter describes a European study that explored the changing role of human resource development (HRD) practitioners in the context of learning oriented organisations.

The project was conducted over a two-year period, from January 1998 to December 1999 and was funded by the European Commission under the IVth Framework Targeted Socio-Economic Research (TSER) programme ([16]). Seven European countries were involved in the project. The project management team was located in the University of Twente in the Netherlands and the other six partners were universities or research institutes in Belgium, Finland, France, Germany, Italy and the UK together with the European consortium for the learning organisation (ECLO).

13.2. Conceptual framework

As Europe is moving towards becoming a learning society, so lifelong learning has become a key issue across member states (Gass, 1996; Brandsma, 1997) and this was a central theme of the TSER programme. Within the context of the learning society, work organisations are becoming important partners, as they are increasingly providing opportunities for continuous learning for their employees as part of the general changes in organisational learning strategies. This new emphasis on employee learning inevitably changes the function of HRD departments from one of providing training to one of facilitating learning. However, while this change is well

([16]) Area 11- Research in Education and Training.

documented in theory, (Antonacopoulou, 1999; Rothwell and Kolb, 1999; Houlihan, 2000; Robertson and O'Malley-Hammersley, 2000; McGoldrick et al., 2001) the key question for HRD professionals is how to translate this into practice.

The aim of this study was to examine current interpretations of this new HRD role in European companies, in particular those innovative and practical initiatives which facilitate employee learning on a continuous basis, both on-the-job and off-the-job, and which also support the strategic learning processes of the organisation as a whole. A major research question was to establish whether there is a specific European perspective on the changing role of HRD in learning-oriented organisations towards one that supports lifelong learning.

The research project explored the concepts of lifelong learning (DfEE, 1998; Learning Declaration Group, 1998), learning organisations (Senge, 1990; Pedler, Burgoyne and Boydell, 1991) and learning-oriented organisations (Tjepkema and Scheerens, 1997). The first two are well documented and defined in existing literature and will be discussed only briefly. However, it is useful to develop further the concept of the learning-oriented organisation and how this relates to lifelong learning and the notion of organisational learning.

The term 'learning-oriented organisation' (sic) was devised by Leys et al. and further elaborated by Tjepkema and Wognum (1996) to describe organisations with the intention of becoming learning organisations (Tjepkema and Scheerens, 1998). A learning-oriented organisation can be described as an organisation which deliberately:

- creates opportunities for informal employee learning, both on-the-job and off-the-job;
- stimulates employees, not only to attain new knowledge and skills, but also to acquire skills in the field of learning and problem-solving and so develop their capacity for future learning, or 'learning to learn' (Tjepkema and Scheerens, 1998).

In summary, a learning-oriented organisation seeks to become a learning organisation by supporting individual lifelong learning, whether formal or informal, and by encouraging the sharing of this learning in order that all members of the organisation might learn, change and improve their performance, which in turn leads to organisational learning and development.

228

13.2.1. **Research design**

The study posed the following research questions:

(1) How do HRD departments in learning-oriented organisations throughout Europe envisage their own role in stimulating and supporting employees to learn continuously, as part of their everyday work, with the intention of contributing to organisational learning, and thus enhancing organisational competitiveness?
(2) What strategies do HRD departments adopt to realise this?
(3) What inhibiting factors do HRD departments encounter in this respect and how do they cope with these factors?
(4) What differences, if any, are there between the perspectives of HRD departments in European organisations and those in the USA and Japan?

The research was divided into two distinct phases, using a combination of qualitative and quantitative research methods.

13.2.1.1. *PHASE I: Case studies*

In the first phase of the project, the preparation of case studies was the main method used to gain an in-depth understanding of the vision of HRD departments, the strategies adopted to bring these into practice and the factors that both facilitate and hinder this implementation process (that is, generating answers to questions 1 to 3 above).

In order to select a sample for study, potential organisations had to meet a minimum of six criteria drawn from the list of characteristics of learning-oriented organisations, shown below. The list was compiled from a review of literature (e.g. Leys et al., 1992; Stahl et al., 1993; Tjepkema and Wognum, 1996) together with suggestions from each partner institution.

The selection criteria for learning oriented organisations were as follows:

- Seeks to become a learning organisation; this is formally articulated.
- Values employee learning in realising its objectives; this is formally articulated.
- Invests in support for employee learning; indicated by formal budgets and estimated hidden costs.
- HRD department has a wider role than providing training courses; this is formally articulated.
- HRD department takes interesting initiatives; e.g. open learning centres.
- HRD department supports development of employee learning skills; e.g. problem centred methods.

- Line management adopts an active role; e.g. by acting as coach or managing an HRD budget.
- Employees adopt an active role; e.g. through learning contracts or personal development plans.
- Members of HRD staff fulfil the role of facilitator or consultant.

A questionnaire was used to establish whether organisations met these criteria and whether they were willing to participate. From the list of those that were deemed eligible (i.e. that met six of the criteria), the final selection was based on telephone interviews with the HRD managers of the organisations. The aim was not to find a representative sample but to identify organisations that were considered to be good examples of learning-oriented organisations with a pro-active HRD strategy, as evidenced by answers to the following questions:

(1) Did the organisation value employee learning in a demonstrable way?
(2) Did it provide dedicated facilities for informal employee learning?
(3) Was there concrete evidence to show the organisation valued and supported the acquisition of learning skills?
(4) Do managers, HRD professionals or others carry out HRD tasks in a pro-active way?
(5) Does the organisation undertake interesting and innovative initiatives to support employee and organisational learning?
(6) Is there a clear vision on the role of HRD professionals in the organisation?
(7) (In the case of the United Kingdom,) has the organisation achieved the Investors In People (IIP) award?

The company size, industry sector and organisational type were also taken into account in the final selection process to enable valid comparisons to be made across countries.

Researchers first tried to select companies with between 500 and 1000 employees as larger organisations usually have a specialised HRD department with an explicit view of its own role within the organisation ([17]). Each partner then selected four cases, one from each cell of a matrix devised by the German partners (see Figure 1). This distinguished between the service sector and manufacturing, and between firms catering for mass markets and firms with an individual customer focus.

([17]) This proved to be difficult; some of the companies are larger than 1000 employees and in these cases, rather than taking the whole company, one division or a single establishment was selected as the unit of study.

Figure 1. **Selection matrix** (UK example)

	Service industry	Manufacturing
Mass production	Royal Mail *(national postal service)*	Wolverhampton and Dudley Breweries *(brewing and retail)*
Customer focus	Royal Scottish Assurance *(financial services)*	Rolls Royce Aerospace: Airline Business Operations *(precision engineering)*

Thus, a total of 28 cases were selected, four in each of the seven participating countries (see Table 1).

Semi-structured interviews covering the four research questions were conducted in each organisation, based on guidelines designed by the project management team in consultation with the partner institutions (Scheerens et al., 1998). The interviews were supplemented with the organisation's internal documentation such as mission statements, business plans, policy statements and examples of HRD programmes/materials.

The interviewees were senior managers who had board responsibility for HRD policy, (in some cases the Chief Executive), the HRD manager and HRD practitioner staff. In order to achieve triangulation in the research design, middle managers and non-managerial employees from a variety of departments outside HRD were also interviewed.

Data analysis

Data analysis was conducted in several ways. First, each partner institution carried out a 'within case' analysis and produced a case study report on their four organisations, using a common format and structure that had been designed by the project management team. Case study respondents were then asked to comment on the accuracy of the reports. Then, the project management team undertook a cross-case analysis within each country and then an analysis across countries, generating a comparative report and summary of all 28 cases.

Table 1. **Overview of the case organisations**

Country	Case organisation	Workforce	Core business
Belgium	DVV	1,000	Insurance
	Siemens Atea	1,400	Telecommunications
	Alcatel Bell, Belgium	7,300	Telecommunications and multimedia
	ISS, Belgium	3,100	Cleaning service
Finland	Vaisala	774	Meteorology
	Valmet paper machinery	2,200	Paper Machinery manufacturing
	Okobank Group, central cooperative	1,700	Banking services
	Outokumpu Zinc	750	Metal production
France	Motorola	2,700	Production of telecommunication equipment and electronic components
	Auchan Bordeaux	800	Retail (hypermarket)
	Accor (worldwide)	121,000	Hotel and tourism services
	GT group	1,000	Road transport
Germany	Bosch Siemens Hausgeräte	14,500	Household equipment manufacturing
	Hoechst Schering AgrEvo (worldwide)	9,000	Chemicals production
	Gesellschaft fur Technische Zusammenarbeit	1,300	Consultancy (in technical areas)
	Sony Germany	1,100	Marketing and sales electronical devices
Italy	Barilla	6,900	Food industry
	Bayer	2,400	Chemical pharmaceutical industry
	Lever	1,200	Cosmetics manufacturing
	Datalogic	480	Bar-code manufacturing
The Netherlands	Akzo Nobel, BU Salt	240	Salt mining and production
	Ericsson Telecommunication, R&D department	450	Telecommunication
	BAC (IT centre Internal Revenue Service), division of Systems Development	1,100	ICT products and services
	KIBC, BU Utility Building	650	Building industry
United Kingdom	Royal Mail, Nottinghamshire, operational unit	1,800	Postal services
	Rolls-Royce Aerospace, Airline Business Operations	2,000	Manufacturing aero engines
	Royal Scottish Assurance	550	Insurance
	Wolverhampton & Dudley breweries	10,500	Beer production

13.2.1.2. *PHASE II: Survey and literature review*

In the second phase of the study, a postal survey was conducted with a larger sample of organisations, to establish the extent to which the case study findings were representative of organisations throughout the seven EU-countries that participated in the study. The criteria for selecting organisations were the same as in Phase I. However, the primary respondents for the survey were restricted to those having a strategic or managerial HRD role, (primarily HRD directors and HRD managers), selected on the basis of their broader view of the HRD function and their ability to answer questions, for example, on vision and policy as well as on delivery and practice ([18]). The survey questionnaire addressed the same issues as the case study research; organisational context, vision of the HRD function, strategies to realise this role and factors enhancing or inhibiting learning.

The planned number of participating organisations was approximately 140 (20 per country). This was a limited sample but one which reflected the relatively small number of learning oriented organisations, as estimated at the outset of this study. Although the situation varied between the participating countries, the target population was further reduced by restricting the sample to learning-oriented organisations with a pro-active HRD department. For example, in France the concept of the learning organisation was barely recognised. However, other partners found it easier than expected to find suitable organisations that were willing to participate and so the final number of respondents was higher than planned, with the questionnaire eventually being completed by 165 companies.

A literature review of Japanese and North American publications highlighted characteristics of new HRD approaches in those countries, which then provided a baseline for comparison with European countries to establish whether there is a distinct 'European' perspective on HRD in learning organisations.

13.3. Research findings

This section reviews the findings of both the case studies and the survey from the perspective of context, vision, strategies and influencing factors.

([18]) The HRD managers at the divisional or business unit level of very large organisations were selected, rather than those at the corporate level. This was congruent with the first phase.

13.3.1. Organisational response to changing context

To explore and understand the changing HRD role, it was important to understand the organisational context. All organisations in the study referred to the changing and increasingly competitive environments in which they were operating. The adaptive responses to these changes, which were mentioned in the case study interviews, are summarised in Table 2.

Table 2. **General organisational responses to change**

Organisational response	Times mentioned
• Increased client focus ([19])	22
• Product, process or service innovation	14
• Improvements in products, processes or services	14
• Increased flexibility	4
• Recognition that human resources and HRD strategies are key factors in organisational learning	25

Despite the fact that developing human resources was mentioned more times than any other and was recognised as a key factor in improving organisational learning, it was seen as a secondary issue or as a 'means to an end'.

However, other, more general change strategies were also cited as contributing to the development of a learning organisation, for example, creating a client-oriented culture. Three of the case organisations mentioned that they were actively working on this. Wolverhampton and Dudley Breweries (UK) saw the key to competitiveness as the quality of their products and service which, in turn, rely on the qualities of employees and managers and the organisational culture expressed by their behaviour. In order to achieve this, HRD staff designed and led two particular initiatives. 'Customer first workshops' were based on vertical teams of staff examining their ideas about customer service and what they meant in practice. HRD staff followed up the workshops by working with departmental teams to produce 'customer charters' that specified achievable but challenging targets for retail, trade and some internal customers. Additional workshops were held to monitor and review progress and work on improvements. Challenge 2000+

([19]) Improving client focus was also the major issue for the 165 companies participating in the survey.

was a team building programme, again based on vertical teams, which focussed on inter and intra-teamwork and improving cross-departmental communications and relationships. It was significant that members of the Board of Directors were participants in both these initiatives.

In addition to the general responses in Table 3, the case study interviews also identified specific organisational strategies, summarised below.

Table 3. **Change strategies**

Strategy	Times Mentioned
Management style change	8
Change in strategy development process	6
Structural change	18
Change in ICT systems	8
Move towards client-oriented culture	3
• Total non-HRD strategies	43
• Changes in HRD strategies	22
• Other strategies actively promoting a learning culture	12

As with the general responses, although some strategies are classified as 'non-HRD' because they are not the specific responsibility of HRD departments, they nevertheless contribute towards creating a learning organisation. For example, creating team-based organisational structures, changing the management style and making the strategy development process more inclusive (e.g. a shared mission statement) are all significant.

A good example was the Dutch building company, KIBC, which introduced new methods for formulating strategy. These included sessions in which the emphasis was on managers and employees working together to translate external and internal developments into a central organisational strategy. The company also involved managers and employees in the joint development of a clear organisational mission and profile in order to inform both employees and clients about the shared values and strategies used by KIBC.

Improvement in communication systems and the ways in which information is shared among employees is an effective way of increasing employee commitment to, and knowledge about, the organisation and the challenges it faces. Three of the German cases specifically mentioned the use of ICT networks in knowledge sharing.

Other strategies for creating a learning culture, which were not specifically HRD driven, emanated both from individual managers and from board level policies. Many managers saw it in terms of making visible the increased possibilities for employee learning. For example, a manager of the Finnish paper mill Valmet, said, 'The goal is to create an organisation in which everybody learns something every single day'. They also saw designing personal development plans with their employees as an important instrument for supporting individual learning activities as it requires the active participation of workers in their own development process. At board level, three of the four French cases cited the creation of the corporate universities as important strategies. The aim of these universities is to link HRD closely with company policy and many have a wider function than simply providing training for individuals. The additional functions include giving advice, supporting knowledge creation, promoting knowledge sharing and supporting change programmes within the company.

To summarise, companies use a rich mix of non-HRD driven initiatives to bring about changes that move companies towards becoming a learning organisation. The main motivator for change appears to be a desire to become more client-centred – by continuous improvement and innovation. The type of change that is initiated is influenced by a mix of factors, such as corporate objectives, employee characteristics, current organisational problems, organisational structure and management style. However, more employee-oriented reasons, such as improving the quality of working life, are playing an increasing role.

13.3.2. **Visions of the HRD role**

There was a high degree of consistency between the results of the case study interviews and the wider survey in terms of what were considered to be important HRD objectives and in the division of HRD tasks. These fell into five broad areas:

- supporting the business;
- supporting (informal) learning;
- supporting knowledge sharing (as a special form of supporting informal learning);
- development and coordination of training;
- changing HRD practices.

Different organisations had different priorities but these differences were too small to reflect any consistent rank order in the relative importance of HRD functions. Also, changing HRD practices was considered as an enabling objective but not an objective in itself – something that HRD professionals did

in order to fulfil their tasks. A significant result of the survey is that respondents expected 'supporting informal learning' and 'promoting knowledge sharing' to increase most in importance.

It is also interesting that 'supporting the business' is a key HRD objective. However, results from the survey suggest that the involvement of HRD departments in important organisational change initiatives is usually not very large. Only a third of the case study organisations (nine cases) demonstrated a clear link between company strategy and training which challenges the notion of a strategic role for HRD. In addition, there can be an inherent tension between the desire to support the business and the objective of supporting individual learning. It is often difficult to link the two, as some case organisations experienced. For example, the Finnish paper mill Valmet, are trying to forge a strong connection between training activities and business activities. Yet the development discussions that take place once a year, in which employees' needs and opportunities for development are evaluated, do not yet, according to managers, create a link between the organisational strategy and individual needs. Similarly, managers using personal development plans agreed that they only identified personal rather than collective or corporate learning possibilities.

However, there are some examples of effective practice. The French semi-conductor plant Motorola, is centralising its training activity to try and achieve a more global view and better strategic control of their investment in training. They are moving away from a 'catalogue approach' to training and fostering contact with management to ensure a good link between individual training and company needs. They see this as a prerequisite for ensuring that training contributes effectively to corporate strategy, which is the HRD department's main aim. Another interesting case was the French transport company GT, whose objective is to 'expand training activities to external markets'. Whereas most HRD departments are trying to increase the links with their own company's corporate objectives, GT also considers it important to work with other organisations in the transport industry.

In terms of supporting learning, only two companies said they saw their role as supporting learning across the whole life span as well as supporting immediate work-related learning. These companies were deliberately striving to create 'learning workers' by 'increasing the learning capacity of employees' and 'creating conditions for lifelong learning'.

However, many employees and managers (and even HRD professionals) still define learning in very narrow terms, often equated with classroom based learning or training. In some of the case study organisations, the HRD professionals were actively trying to change this limited outlook towards a

broader vision of learning. Nevertheless, only one company, the British aero-engine manufacturer Rolls Royce Aerospace, Airline Business Operations, mentions it as an explicit objective ([20]). One of the HRD managers explained the thinking behind it:

> 'There is an immense amount of on the job learning. Many employees would not have been conscious of this form of learning. If you asked them to list what learning they had been involved in, they would think "What course did I go on? What hotel did I stay in? What exam did I take?" Learning means doing the job, learning from colleagues, training others, doing a First Aid Certificate, having an enlarged job. Coaching is important - often the coach learns more than the 'coachee'. Every new experience is an opportunity to learn. Personal Development Diaries have been introduced, where employees jot down every learning opportunity.'

13.3.3. **Divisions of HRD tasks**

In the interviews, HRD professionals perceive themselves as still carrying the biggest share of responsibility for HRD (see Table 4). However, managers and employees were recognised as important, active partners and are expected to become even more so in the future. Their role was seen primarily as identifying learning needs, stimulating and supporting informal learning and facilitating continuous learning for themselves and others. The role of HRD professionals was perceived as one of providing support for informal learning and responsibility for organising training.

An interesting exception was the Belgian cleaning company, ISS. The company employs two HRD practitioners, who are responsible only for the administration and logistic support of training programmes. Their role is essentially reactive and restricted to providing employees with sufficient training opportunities. Senior management define HRD policies and implement the concept of the learning organisation and line managers are responsible for HRD on a day-to-day basis. This was in contrast with the majority of cases, where HRD professionals acted as change agents or fulfilled a more strategic and pro-active role, though the degree of pro-activity differed from company to company, as summarised below.

([20]) 'Stimulate appreciation of informal learning opportunities on-the job'.

Table 4. **Division of HRD tasks**

HRD professionals, managers, employees	Number of cases (of 28) in which task was mentioned
• HRD professionals:	
– 'Traditional' HRD tasks e.g. provide training (15 cases) e.g. co-ordinate training (13 cases)	23
– 'New' HRD tasks e.g. providing services and direct support to line managers and workers (13cases) e.g. consulting (13cases)	22
• Management active role	26
• Employees active role	19

In most case study organisations (23 cases), the HRD department fulfilled traditional tasks, the most important ones being to provide and coordinate training. Yet in over two thirds of the organisations (21 cases), HRD professionals also mentioned performing non-traditional tasks, of which the most important were consulting and providing services and direct practical support to managers and workers. However, only one case study organisation was actively trying to improve the skills of its HRD professionals in order to fulfil the new role of consultant and provider of support for line management (the German consulting firm GTZ).

In about half of the case organisations (15 cases), management is already held responsible for employee learning, (see ISS example above). In practice this means that managers are - or will become - responsible for some of the HRD tasks. These include monitoring and assessment of competence, identification of learning needs, construction of individual development plans, evaluation of training and more strategic tasks such as implementing HRD policy, implementing the learning organisation concept or fulfilling a steering role with regard to HRD.

As HRD practices change, employees are also expected to fulfil an active role in their own development. This was the situation in about two thirds of the case study organisations (19 cases). In 14 cases employees already have a responsibility for their own learning and in a further three cases will share that responsibility with management in the future. In the other two cases, employees have a responsibility for providing training or fulfilling HRD tasks in general.

Two significant points emerged. First, there was no apparent difference between companies in the manufacturing sector with high levels of unskilled or semi-skilled manual labour (e.g. the Finnish metal factory Outokumpu Zinc, the Dutch chemicals plant Akzo Nobel and the British Wolverhampton and Dudley Breweries) and those in the knowledge based industries with a professionally qualified workforce (such as the Finnish Okobank, the German consulting firm GTZ and the Dutch IT centre BAC). Employees are responsible for their own learning in both types of organisation.

Second, in many cases there was a gap between HRD practitioners' self-image and professional vision and the expectations of the company. For example, HRD professionals from the Finnish Okobank said their role had already changed from working mostly as trainers to one of organising and coordinating personnel development functions. They defined their new role as clarifying what their (internal) customers needed, maintaining the flow of training available, coordinating development functions, motivating and stimulating employees to learn and generally trying to create a learning culture. Yet, the Okobank manager's perception was that the HRD unit is distanced from the business functions of the organisation resulting in unclear and insufficient coordination between management and HRD.

Increasingly, managers want more interaction, more cooperation and more innovative approaches from their HRD professionals. They also want more active and consultative HRD departments that support a general management responsibility for learning and development.

So, while it appears that the role of HRD professionals is changing, the process of change requires further analysis and careful management.

13.3.4. **HRD strategies**

HRD professionals employ a wide range of strategies to realise their perceived role. However, training-related strategies continue to play a dominant part and instruments and initiatives to increase employee responsibility for learning are still underrepresented. The cases that were studied do not demonstrate innovative HRD approaches, such as knowledge management networks, or measures to stimulate the creation of a learning climate in the workplace and, in general, indicate that HRD strategies and practices fall behind HRD vision. This may be because HRD objectives are not that focussed and still include, in many cases, provision for training a key activity.

However, some non-traditional methods that were specifically mentioned included learning from each other and knowledge sharing, coaching, mentoring, working on different projects, using the Internet/intranet and

benchmarking. A good example of an initiative that integrated learning and work, and which stimulated employees to learn from each other, was the Pathfinders programme started by Royal Mail, the British postal service. This is a benchmarking and problem-solving exercise for front-line employees. Eight employees are selected from each division, on an open and competitive basis, to form a team to examine a 'real' business problem and suggest improvements against a chosen business approach. The business problem is sponsored or championed by an operational manager, who is involved in helping the team.

Other strategies focus on fostering employee responsibility for learning through the use of personal development plans, self-directed learning, open learning centres and other methods that increase learner autonomy. For example, as an alternative to traditional language courses at the Finnish paper mill Valmet, workers from across the work organisation have been sent to Germany as guests of their German clients. During this trip, speaking in Finnish was banned. In this way, the participants developed international relationships, while at the same time improving their German language skills. This way of working illustrates how employees have an influence on the actual programme and how informal learning opportunities can be deliberately created.

Some HRD professionals are also using informal learning methods as a way of changing current notions of learning. For example, the HRD department at the British Wolverhampton and Dudley Breweries are encouraging workers to disassociate learning from simply 'going on courses' by directly linking work and learning through novel coaching methods. One of these the company calls 'three in a car' which involves a trainer who coaches managers to improve their coaching skills by observing and providing feedback to a manager coaching one of their staff.

Another strategy is providing support for team or organisational learning. For instance, at the British insurance company Royal Scottish Assurance (RSA), HRD professionals participate in the design and conduct of national and regional sales meetings. The learning that emerges from the experiences of an individual will be shared with colleagues at these meetings and an HRD practitioner will pass this on to other training staff, who in turn will disseminate it in their regions in order to facilitate organisational learning.

Alcatel Bell, a Belgian telecommunications company, has introduced a minimum quota of training hours. Every employee must follow 20 hours of traditional training, 20 hours of on-the-job training and 10 hours of Bell permanent training. This project is designed to increase the employability of employees. Although it seems at odds with the shift away from formal

238

learning, it can actually support informal learning because it enables employees to rotate in different jobs and because it increases their learning skills and self-confidence in learning.

Formal training also continues to play a very important part in the Belgian cleaning company ISS. In order to stimulate motivation for learning, and thus support the development of a learning culture, ISS provide certificates for employees who have received a certain amount of training. Again this might seem to contradict the objective of stimulating informal learning but the company sees it as a measure that transforms negative attitudes into positive feelings about learning and gives employees more self-confidence. Both of these are prerequisites for using learning opportunities and sharing knowledge and so the strategy is a stepping stone towards creating a learning culture, even though it is associated with traditional training.

Another strategy mentioned in the case studies was the decentralisation of HRD activities and a redistribution of HRD tasks and responsibilities to managers and employees together with ensuring that HRD professionals are in close contact with the organisation. For example, the German household equipment factory Bosch Siemens, has a decentralised HRD strategy although the HRD department itself is centralised. Responsibility for many HRD activities is transferred to those decision-makers who have the competences and knowledge to judge what is necessary in a given situation in order to enhance the link between HRD and organisational needs.

Similarly, although many HRD professionals evaluate their training courses, very few evaluate their contribution on a more strategic level. An exception was the Belgian telecommunications company Alcatel Bell, which collects statistics on job rotation (a means for informal learning) and on training hours. The Belgian insurance company DVV was using evaluation instruments such as organisational business plans, balanced score cards and competence management at different organisational levels and, by using these instruments, DVV also wants to measure whether HRD's role has changed successfully. However, they recognised that measuring the success of being a learning oriented organisation is difficult and takes a long time.

Finally, a small group of case study organisations explicitly mentioned the professionalisation of managers with respect to HRD. For instance, the Italian software company Datalogic, has measured the ability and motivation of managers to support employees in learning. Such measures clearly go beyond providing practical support for HRD tasks.

13.3.5. Influencing factors

Findings from neither the case studies nor the survey could establish definitive factors that inhibited or enhanced the ability of HRD professionals to realise their visions nor were there clear directions of influence. For example, in the case studies, some factors were found to affect change processes negatively in one organisation, while they were reported as positive driving forces in other companies. Sometimes factors were experienced as both a negative and a positive influence in a single organisation by different stakeholders – HRD practitioners, managers, or employees – or in different parts of the organisation. Survey results showed that the most important influencing factors were motivation to learn and financial resources for HRD activities. Again this can be positive impact (sufficient motivation and resources) or negative impact (lack of motivation and resources).

However, there is a small group of factors that generally appeared to have a negative influence. The factors that appear to inhibit the change process most significantly are:

- insufficient time for employees to learn;
- insufficient time for managers to perform HRD tasks;
- lack of clarity about the HRD role.

Findings from the case studies added other factors, such as a weak or non-existent learning culture (nine cases) and insufficient knowledge sharing (six cases). This suggests that it is very difficult to motivate employees to share knowledge or engage in learning processes if they are not used to doing so, or may even be reluctant to do so. This is supported by Jones and Hendry (1992), who found that a learning-oriented culture is bound to enhance successful learning, whereas it is very difficult to create learning situations in companies with cultures characterised by, for instance, bureaucratic values, internal rivalries and power-politics.

A flexible organisational structure was also mentioned in three cases indicating that old organisational structures can hinder the adoption of a new HRD approach whereas new structures can actually support them.

As Jones and Hendry (1992) note:

> 'The need for job challenges, enrichment and enlargement are regarded as crucial factors in creating learning. Opportunity to devote some time during the course of actually doing a job to self-development, giving room for reflection and "personal space" is also important. Teamwork is seen as getting away from traditional individual assessment and isolationism. Where there is teamworking, combined with networking as a result of job enlargement, learning is further helped.'
>
> (Jones and Hendry, 1992: p. 45).

Examples of this were found in the French GT transport group, which said that its employees had more opportunities for learning because of structural reforms that had increased their contact with customers. The German chemicals producer AgrEvo and consulting firm GTZ also claimed that the introduction of teamwork and learning networks had created new learning opportunities.

Communication was seen as a key strategy for offsetting the impact of negative influencing factors. For instance, in all four French case organisations there was a focus on sharing knowledge and improving communication channels and infrastructure. This was to facilitate employee understanding of why certain changes were necessary, why learning plays an important role in the change process of the organisation and to demonstrate that learning takes place not only by following courses but from the exchange of information between people. For similar reasons, the Italian software company Datalogic, created direct 'horizontal' communication channels between line management and workers, partly to overcome the traditional distinction between line and staff but also as a strategy for dealing with change and the crises that frequently accompany it. The HRD department of Datalogic claimed to have adopted a deliberately flexible approach and a 'listening attitude' in order to facilitate effective teamwork between managers and HRD practitioners. The Dutch building company KIBC also found that improving communication and information flow was a useful way of decreasing resistance and increasing the motivation to learn.

From these findings we would suggest that some of the positive influencing factors listed above are necessary prerequisites but insufficient conditions for organisations to become learning oriented (Sambrook and Stewart, 2000). Moreover, despite increasing HRD resources and growing senior management commitment, until workload pressures and work organisation issues are addressed, including creating time for learning, employees will continue to see learning as additional to their daily work and perhaps even unnecessary and worthless. A task-driven approach, together with the need to meet targets, often impedes the development of a learning environment. However, this need not necessarily be the case. For example, in the Royal Mail and in Rolls-Royce, despite shift work and daily targets, time is structured to allow learning events to be scheduled in work time and in the work environment.

240

13.3.6. **A European model of HRD**

A key aim of the project was to explore the extent to which HRD practices in Europe differed from those in the USA and Japan. Our literature review showed that this was not the case. Similarly, the results from this study suggest that there is no distinctive European model of HRD.

The analysis of differences across the various European countries was, at best, inconclusive because cultural, political, legal and other related factors, which could account for national differences, were not included in the study. The only clearly identifiable nation-specific finding was the existence of the Investors in People programme in the United Kingdom, in which all the British case studies participated. Nevertheless, there were subtle but meaningful differences between the philosophies, strategies and practices in HRD across the countries in the study. So, at this stage, we conclude that there is no one single European model for HRD.

Additionally, although the organisations in the study were categorised according to the selection matrix, no significant differences were found between economic sectors (service or industry) nor production type (customer orientation or mass production). Thus the type of organisation does not appear to influence how the HRD role is envisaged, nor the strategies employed to implement HRD activities, nor the inhibiting/supporting factors. However, although no differences were found among organisational types, Poell and Chivers (1999) did find differences when types of work were analysed.

13.4. Analysis and implications of results

13.4.1. **The role of HRD professionals – new skills and strategic challenges**

There are discernible trends in the changing role of HRD professionals across Europe towards one that is expanding and is increasingly significant for both managers and individual employees. Human assets are rapidly becoming the most important wealth of an organisation if they are effectively nurtured and if their potential is efficiently developed and exploited. Yet, evidence from literature and this research suggests that, currently, HRD is generally not very well integrated into the corporate strategies of many organisations and is thus not seen as a mechanism for achieving competitive advantage. HRD is seen more as a cost than an investment and considered merely as a means of overcoming specific skill shortages (Garavan et al., 1999; Barham and Rassam, 1989).

The challenge for HRD professionals in the future is to increase their involvement with the strategic processes of the organisation as a whole and to evaluate and redefine their activities continuously from this position. HRD roles and strategies must be reconsidered from a learning perspective rather than a traditional training/teaching one. However, such a change requires knowledge and understanding of the concept of the learning organisation, a concept that is still largely unknown or unclear. Senior managers need to understand the language associated with learning organisations, as HRD practitioners need to learn the language of corporate management if they are to contribute to the formulation of organisational strategy. (Sambrook and Stewart, 2000)

Both senior managers and HRD professionals need to share an understanding of those principles and practices of learning organisations which can be important elements of a competitive business strategy. They need to share a common language if discourse is to be effective and their actions need to be more closely aligned with this discourse. Their activities must fit corporate articulations more closely (Sambrook, 2000).

Implementing the learning organisation concept in the corporate environment requires drastic changes in leadership, organisational structures and cultures. As structures and cultures change, so do HRD practices and roles. Instead of trainers, HRD practitioners now become consultants, who also have to manage the link between their activities and company strategy. This requires a totally different set of skills and attitudes as this is more a 'behind the scenes' rather than an 'on stage' role. Yet, this study revealed only one company engaged in actively increasing the skills of HRD professionals.

Similarly, as structures and cultures change, HRD practitioners need to protect the internal development of the HRD function. To overcome risks of becoming marginalised and to guard against the erosion or even the disappearance of the HRD function, HRD professionals need to identify clearly their contribution to the organisation. However, this may be difficult as there is still little evidence to indicate HRD's added value to the business, and investments in HRD are still very much made as an 'act of faith' (Garavan ey al., 1999).

The study showed that the development of human resources is no longer the prerogative of HRD professionals. Increasingly, HRD is becoming the responsibility and business of line-managers. This is primarily because of new forms of work organisation and a diffusion of organisational structures away from functions to processes. Line managers responsible for these processes, or parts of them, need to be able to manage the resources at their disposal in a flexible way in order to respond to specific dynamic exigencies

of processes, as opposed to the relatively static exigencies of functions. This implies that managers are increasingly expected to manage their human resources, including their development. This demands 'local' governance of knowledge and competences rather than the traditional, centralised position of HRD and so HRD activities are increasingly becoming diffused throughout the organisation.

13.4.2. **The role of managers**

The findings of this study support the view that line managers fill a key role as HRD practices change. For instance, they are expected to perform assessments and needs analyses, work on development plans for their staff, motivate employees to learn, and manage the workplace as a place fit for learning. However, the findings also confirmed that it is sometimes difficult for managers to fulfil this active role, either because of their workload, lack of affinity with HRD tasks or a lack of skills in this field.

This is consistent with other research. Horwitz (1999: p.188) notes that the delegation of HRD responsibilities carries problems and risks. For instance, line managers are not specialists in people development and ownership of HRD responsibility may not be part of their performance objectives (which are often concerned with more bottom-line financial and short-term objectives). Recent research by Cunningham and Hyman, (1999: p.18.) has also shown that managers often lack any preparation for their new human resource responsibilities

If responsibility for HRD is to be genuinely integrated in line managers' roles, it is essential that both parties (line managers and HRD) reach agreement on mutual expectations and find solutions for practical as well as more fundamental philosophical problems (see Ellinger et al., 1999, on how managers perceive their own role as learning facilitators). Once this agreement is reached, both managers and HRD practitioners have to be equipped with the skills for their new roles.

However, sending managers on training courses to develop these new HRD skills might not be successful, as previous research has shown that managers do not necessarily learn from training (Antonacopoulou, 1999). One approach might be to involve managers in HRD activities, with the aim of changing their views on learning and at the same time increase their motivation to support others' learning. Another approach demonstrated in the case study organisations was to involve HRD professionals in actively supporting managers in their new tasks. A longer-term strategy might be to incorporate HRD skills in all management development programmes. The ways in which managers support their staff in learning could then become an

243

issue in performance appraisals and management career planning. This would require careful examination of the existing provision for professional development of both managers and HRD specialists.

Further exploration into the changing responsibilities of HRD is needed, in particular the expectations placed on managers with regard to HRD and what remains or becomes the new role of HRD professionals. Role ambiguity is widespread and this confuses the issue even more. One possibility is that the HRD function will vanish, as learning issues are more and more integrated with general management. Or, a different strategic, supportive and consulting role will emerge for HRD professionals.

However, as Horwitz observes:

> 'The HRD literature is somewhat normative and rhetorical in exhorting line managers to take responsibility for training and development. The reality is that this is the exception rather than the norm.'

13.4.3. The role of employees

As HRD practices evolve, employees also have an important role. Research findings suggest that employee motivation to learn can be a key factor influencing learning in the wider organisation. If employees are not motivated to learn, this imposes a serious inhibiting factor on realising new work practices. If individual employees do not see the importance of learning, they often fail to take the opportunities offered. An important element of motivation is recognising and valuing more informal ways of learning and development, and developing a sense of personal responsibility for their own learning.

> 'Companies should ensure that all learning achievements by their staffs are recognised by publicity, appropriate promotion and reward. Such measures will motivate other members of the workforce to become involved in lifelong learning.'
> (Chaplin, 1993: p.92).

This means a considerable shift from the traditional views many employees hold about learning as a classroom-based, teacher-led activity – a perception of learning that HRD professionals from many of the case organisations were actively trying to change. For example, one strategy was to provide training credits, another was to offer career guidance. However, further research is needed into ways in which this attitude change can be brought about by adopting different HRD practices, but also by targeted HRD interventions and new work methods.

13.5. Conclusions

Perhaps the most important conclusion of this two-year study, involving almost 200 organisations across seven European countries is that the learning organisation is an important metaphor for HRD professionals, in terms of:

- the need to develop collective intelligence within organisations and organisational forms that support this;
- the realisation that knowledge and, in particular, tacit knowledge, has to be recognised, valued and embedded in human resources;
- the shift away from traditional training-based policies towards ones which foster learning in different and innovative ways (such as supporting competence development, informal learning in work, learning networks and self-assessment of learning within communities of practice).

Findings from this study further suggest that:

(a) opportunities for lifelong learning are being developed within the organisations and European countries studied and that HRD professionals have a key role in promoting and supporting lifelong learning;

(b) many organisations in Europe that have embraced the concept of the learning organisation have done so in creating opportunities for lifelong learning. They have demonstrated that the concept is powerful and applicable, although they also experienced inhibiting factors in implementing the concept;

(c) a key reason for pursuing the learning organisation concept is to enhance competitiveness;

(d) there is a changing role for HRD professionals and increasing responsibility for HRD activities amongst managers and employees;

(e) HRD professionals need to ensure the development of a strategic role, clarify their functional role, develop the new skills required of these changes and more clearly demonstrate their value and contribution to organisational success;

(f) restructuring of organisations, the devolution of responsibility for training to line managers, changes in product markets, the introduction of quality programmes in the organisation, the introduction of new technologies and changes in product and technical knowledge are all driving forces for organisations to change the learning process at work. These drivers for change seem to be related more to product market and technological change rather than any significant embrace of a new learning philosophy (Raper et al., 1997);

(g) there was a trend away from the use of external training towards the increased use of internal training, especially on-the-job training, planned work experience and the use of coaching, which are in tune with important characteristics of the learning organisation concept. However, often the motive for changes in employee learning patterns was not so much a reflection of trying to become a learning organisation but rather a cut back in training budgets and a scaling down of central training departments. Thus, a causal relationship between observed changes in HRD tasks and interventions in an organisation and the organisation embracing the concept of the learning organisation cannot be assumed ([21]);

(h) there is a problem with language – and whether there is yet a common language or discourse between researchers and practitioners. While the project has focused on the role of HRD practitioners in learning-oriented organisations, it has become apparent that many practitioners do not use the term learning-oriented or learning organisation nor, in many cases, adopt the term HRD. However, their roles are HRD roles and their organisations display many of the features associated with learning organisations;

(i) the issue of language and terminology is an important one and meanings and definitions must be further explained and shared if academics and practitioners can learn from each other and together.

13.6. References

Antonacopoulou, E.P. 'Training does not imply learning: the individual's perspective.' *International Journal of Training and Development*. 1999, Vol. 3, No1, pp. 14-33.

Argyris, C.; Schön, D. A. Organisational learning *a theory of action perspective*. Reading: Addison-Wesley, 1978.

Barham, K.; Rassam, C. *Shaping the corporate future: leading executives share their vision and strategies*. London: Unwin Hyman, 1989.

Brandsma, J. (red.). *Een leven lang leren: (on)mogelijkheden en perspectieven*. Enschede: Universiteit Twente, OCTO, 1997.

Burgoyne, J.; Reynolds, M. (eds). *Management learning*. London: Sage, 1997.

Chaplin, T. 'The roles and strategies of business corporations.' *In*: Combey and Doherty (eds). *Lifelong learning for European Business: the strategic investment. Conference report* ELLI, 1993.

([21]) Raper et al. (1997) also recognised an increasing interest in learning at the organisational level but they too questioned whether becoming a learning organisation was the motive for changes in the process of learning at work.

Cunningham, I.; Hyman, J. 'Devolving human resource responsibilities to the line: beginning of the end or a new beginning for personnel?' *Personnel Review*. 1999, Vol. 28, No 1/2, pp. 9-27.

DfEE. *The learning age: a renaissance for Britain*, London: HMSO, 1998.

Ellinger, A.D.; Watkins, K.; Bostrom, R.P. 'Managers as facilitators of learning in learning organisations.' *Human Resource Development Quarterly*. 1999, Vol.10, No.2, pp.105-125.

Garavan, T.; Heraty, N.; Barnicle, B. 'Human resource development literature: current issues, priorities and dilemmas.' *Journal of European Industrial Training*. 1999, Vol. 23, No. 4/5, pp.169-179.

Garratt, B. *The learning organisation and the need for directors who think*. London: Fontana Collins, 1988.

Garvin, D.A. Building a learning organisation . *Harvard Business Review*, July-August 1993.

Gass, R. *The goals, architecture and means of lifelong learning: European Year of Lifelong Learning*. Background paper issued by the European Commission. Luxembourg: Office for Official Publications of the European Communities, 1996.

Horwitz, F. 'The emergence of strategic training and development: the current state of play.' *Journal of European Industrial Training*, 1999, Vol. 23, No. 4/5, pp.180-190.

Houlihan, M. 'Eyes wide shut? Querying the depth of call centre learning.' *Journal of European Industrial Training*. 2000, Vol. 24, No. 2/3/4, pp. 228-240.

Ilina, S. *Studying the learning organisation: theory and research*. Unpublished Masters Thesis. Enschede: University of Twente, Faculty of Educational Science and Technology, 1999.

Learning Declaration Group. *A declaration on learning*, Learning Declaration. Kandola: Pearn, 1998.

Leys, M.; Wijgaerts, D.; Hancké, C. *From learning in the workplace to learning organisations: seven European companies move beyond training policies*, Brussels: SERV-Stichting Technologie Vlaanderen, 1992.

McGoldrick, J.; Stewart, J.; Watson, S. 'Researching HRD: philosophy, process and practice. *In*: McGoldrick, J.;Stewart, J. and Watson, S. (eds). *Understanding HRD – a research based approach*, London: Routledge (forthcoming) 2001.

Moingeon, B.; Edmondson, A. (eds). *Organisational learning and competitive advantage*. London: Sage, 1996.

Nonaka, I.; Takeuchi, H. *The knowledge creating company: how Japanese companies create the dynamics of innovation*. New York/Oxford: University press, 1995.

Nonaka, I. 'The knowledge-creating company.' *Harvard Business Review*, 1991, Vol. 69, No 6, pp. 96-104.

OECD/ Lifelong learning for all. Paris: OECD, 1996.

Pedler, M.; Boydell, T.; Burgoyne, J. *The learning company: a strategy for sustainable development*. London: McGrawHill, 1991.

Poell, R.; Chivers, G. 'HRD consultant roles in different types of organizations.' Paper presented within the *AHRD/VETNET strand of the European Conference on Educational Research (ECER)*, Finland: Lahti, September 1999.

Porter, M.E. *Competitive advantage: creating and sustaining superior performance*. New York: 1985.

Robertson, M.; O'Malley-Hammersley, G. 'Knowledge management practices within a knowledge-intensive firm: the significance of the people management dimension.' *Journal of European Industrial Training*, 2000, Vol. 24, No 2/3/4 pp. 241-253.

Rothwell, W.J.; Kolb, J.A. 'Major workforce and workplace trends influencing the training and development field in the USA.' *International Journal of Training and Development*. 1999, Vol. 3, No 1, pp. 44-53.

Sambrook, S. 'Talking of HRD.' *Human Resource Development International*. 2000, Vol. 3, No 2, pp.159-178.

Sambrook, S.; Stewart, J. 'Factors influencing learning in European learning oriented organisations: issues for management'. *Journal of European Industrial Training*. 2000, Vol. 24, No 2/3/4, pp. 209-219.

Scheerens, J. et al. *'Conceptual framework' Role of HRD in learning organisations: European concepts and practices*. The Netherlands: University of Twente, 1998.

Senge, P.M. *The fifth discipline: the art and practice of the learning organisation*. New York: Double Day Currency, 1990.

Stahl, T.; Nyhan, B.; D'Ajola, P. De lerende organisatie: een nieuwe visie op Human Resource Development [*The learning organisation: a new vision for Human Resource Development]*. Brussels: Commissie Europese Gemeenschappen, Task Force Human Resources, Education, Training and Youth, 1994.

Swieringa, J.; Wierdsma, A. *Becoming a learning organisation: beyond the learning curve*. Amsterdam: Addison-Wesley Publishing Company, 1992.

Ter Horst, H.M.; Tjepkema, S.; Mulder, M.; Scheerens, J. (eds). *Glimpses of changing HRD practices in learning oriented organisations throughout Europe*. Practitioner's book, Enschede: University of Twente, 2000.

Tjepkema, S; ter Horst, H. M.; Mulder, M; Scheerens, J. (eds). Future challenges for Human Resource Development professionals in Europe. *Part I: Results of case studies in 28 companies on lifelong learning in learning oriented organisations*. Enschede: University of Twente, 1999a.

Tjepkema, S.; Mulder, M.; ter Horst, H. M.; Scheerens, J. (eds). Future challenges for Human Resource Development professionals in Europe. *Part IV: Results of a survey in learning oriented organisations in 7 countries in the European Union*. Enschede: University of Twente, 2000.

Tjepkema, S.; Scheerens, J. *Role of HRD in learning organisations - European concepts and practices*. Proposal to European Union, The Netherlands: University of Twente, 1997.

Tjepkema, S.; Scheerens, J. Working documents for project *Role of HRD in learning organisations - European concepts and practices*. The Netherlands: University of Twente, 1998.

Tjepkema, S.; Wognum, A.A.M. From trainer to consultant? Roles and tasks of HRD professionals in learning oriented organisations. Copenhagen. Paper presented at *ECLO conference 'Growth through learning'*, 1996.

Watkins, K.E.; Marsick, V.J. *Sculpting the learning organisation: lessons in the art and science of systemic change*. San Francisco: Jossey-Bass, 1993.

CHAPTER 14

Experiences of HRD consultants in supporting organisational learning

Rob Poell and Geoff Chivers

14.1. Introduction

The learning organisation has become a powerful metaphor for organisational change processes. The concept both testifies to the importance currently assigned to organisational learning issues and also provides ideas on how learning can be organised and improved. Many different definitions of a learning organisation have been proposed (e.g., by Bomers, 1989; Swieringa and Wierdsma, 1992; Senge, 1990; Mumford, 1995; Pedler et al., 1996), but no single one has emerged as definitive. Most of them, however, stress deliberate intervention to encourage learning at the individual, group and organisational level.

Learning in this case needs to be understood as a broad idea encompassing notions of improvement, innovation, training, education, development and change. It is usually work-related and linked to the business strategy. A core idea of the learning organisation concept is that learning is a continuous process, embedded in the workplace rather than existing as an isolated activity taking place during formal training. Awareness of learning opportunities, ongoing reflection on experiences, teamwork integrated with team learning, encouraging a climate conducive to learning, are more important than regular training courses (Watkins and Marsick, 1993).

However attractive this normative idea of a learning organisation may seem, it has some problematic aspects and raises a number of critical questions. For instance, how would such a concept be applied in reality? Does it refer to general tendencies occurring across all types of organisations and work? What is the actual nature of these tendencies and how do they affect the organisation and the work itself? This chapter aims to answer some of these questions and will focus specifically on the extent to which the learning organisation concept affects the role of human resource development (HRD) professionals in organisations.

Arguably, the most profound change facing the HRD professional operating within a learning organisation is the shift from providing employees with adequate training to facilitating and supporting employee learning. This includes support for individuals and, increasingly, for teams, at all levels in the organisation. HRD professionals who are operating in this context have to adjust to a quite different role and need to develop and use new strategies in their work if they are to contribute to helping their company become a learning organisation. This chapter will present a qualitative study of the roles of 19 HRD consultants from the United Kingdom in exploring if, and how the roles and the strategies they employ in their work have changed in the process of supporting companies to become learning organisations.

14.2. Theoretical framework: learning-network theory

Van der Krogt, (1998) viewed HRD consultants ([22]) as strategic actors within the learning network of an organisation, who interact with managers and employees to organise learning programmes by negotiation, collaboration and participative processes. From this theoretical perspective, the learning that takes place in any organisation can be characterised by structural arrangements associated with a liberal, vertical, horizontal or external type of learning network.

In a liberal learning network, individual employees create their own sets of learning activities. The network is largely unstructured and individually orientated, since there is little structure above the individual level. A vertical learning network is characterised by linear planning of learning activities. The management develop learning policies that are translated into pre-designed learning programmes by HRD consultants and delivered to the employees. In a horizontal learning network, programmes develop incrementally while they are being executed. There are no predesigned learning policies. Policies develop and evolve as a consequence of learning from experience as the programmes progress. HRD consultants are process counsellors in this type of learning network. An external learning network is co-ordinated from outside the organisation by the employees' professional associations. Learning programmes introduce work innovations to the learners, who then adapt their work accordingly.

([22]) 'HRD consultants' is used interchangeably with 'HRD professionals' in this chapter and does not necessarily imply external consultants providing a service to an organisation (Eds).

Other strategic actors (e.g., employees and managers) are expected to influence the way in which the learning network is organised as much as HRD consultants do. A learning network is viewed as an arena where constant processes of negotiation and collaboration among the participants shape and change the way actual learning arrangements are organised.

Table 1 gives an overview of the four theoretical types of learning networks identified by learning-network theory. The bottom row of the table predicts where that particular form of learning network will be found, distinguished by the type of work undertaken (see Mintzberg, 1979). The liberal type of learning network is likely to be found in entrepreneurial work (broad and simple work, e.g., salespeople in a car dealership). The vertical type of network is more likely in machine-bureaucratic work, (narrow and straightforward, e.g. process operators in a manufacturing plant). The horizontal type is found in 'adhocratic' group work (broad and complex work, e.g. product developers in a research laboratory). The external type is found in professional work (narrow and complex, e.g. medical doctors in a teaching hospital).

Table 1. **Four theoretical types of learning networks and corresponding work types**

	Liberal	Vertical	Horizontal	External
Content structure (profile)	Unstructured, individually oriented	Heavily prestructured, task oriented	Thematically structured, problem oriented	Methodically structured, profession oriented
Organisational structure (relations)	Loosely coupled, contractual	Centralised, formalised	Egalitarian, group based	Externally inspired, professional
Development of learning processes	Individuals create own learning programme to solve their problems	HRD staff convert management policy into training programmes	Group learning programme develops incrementally while being undertaken	Employees adapt work to innovations from professional association
Role of HRD consultant	Facilitating individual learning arrangements	Designing and delivering training programmes	Facilitating group learning arrangements	Help professionals adapt work to external innovation
Corresponding type of work	Entrepreneurial work	Machine-bureaucratic work	Adhocratic group work	Professional work

This framework will be used as a baseline from which to investigate if, and how, the role of HRD consultants is changing. The current reference point, albeit a negative one for many organisations, is the machine-bureaucracy type of vertical learning network in which HRD consultants design and deliver training programmes for employees. The move towards self-directed and team learning that is advocated in the learning organisation concept, can be seen as a move away from the vertical to a more liberal or horizontal type of learning network.

There is a corresponding change in the role of the HRD consultant from one of designing and delivering training programmes to facilitating multiple learning arrangements for individual and team learners. If the focus is on the HRD consultant helping individual professionals to adapt their work to innovations introduced by their professional associations, they are operating within an external network. However, if the greatest emphasis is placed on facilitating team learning instead of individual learning, then the consultant's role is congruent with a horizontal learning network which is also the model most closely aligned to the learning organisation concept. So, van der Krogt's four different learning-network types will be used to interpret the changes occurring in the roles of HRD consultants.

14.3. The research project

Poell and Chivers (1999) conducted an exploratory study with 19 HRD consultants in order to describe the changes that are actually taking place in their job roles. First, they focussed on the changes that are occurring in the way work-related learning is organised. Second, they investigated the roles that training consultants play in 'new' ways of organising learning. Third, they described how consultants dealt with the problems and barriers they perceived in 'new' ways of organising learning. However, the limitation of this study was that it considered the sample as a whole, without investigating explanations for any of the specific differences found.

The present study builds on this earlier work by examining whether differences in job roles and strategies of HRD consultants are related to the type of organisation for which they work and if the adoption of the learning organisation concept depends on the type of organisation.

Three organisational variables will be considered:

- mode of employment (consultants employed internally or self-employed externally);

252

- organisational size (large company or organisation or small and medium-sized enterprise);
- work type (entrepreneurial, machine-bureaucratic, adhocratic or professional work).

The following specific research questions will be investigated:

(a) How do internally employed consultants differ from self-employed consultants hired externally, in terms of the changes they perceive in organising learning, their perception of their job roles and the ways in which they deal with problems and barriers to organising learning?

(b) How do consultants working for large organisations differ from consultants working for small and medium-sized enterprises, in terms of the changes they perceive in organising learning, their perception of their job roles and the ways in which they deal with problems and barriers to organising learning?

(c) How do consultants working in entrepreneurial, machine-bureaucratic, adhocratic and professional work contexts differ, in terms of the changes they perceive in organising learning, their perception of their job roles and the ways in which they deal with problems and barriers to organising learning?

14.3.1. **Research methodology**

In May 1998, 293 questionnaires were sent out to all UK based alumni (from 1991 onwards) of the University of Sheffield Masters Degree in training and development, continuing education, information technology management and networked collaborative learning (all delivered by distance learning). After six weeks, 103 had been completed and returned (35%). The questionnaire asked alumni for global information about their willingness to participate in the research project, about the job they held, about characteristics of the organisation for which they worked and about their involvement in technological innovation. Fourteen (14%) of the respondents indicated they were not interested in participating in the research project, for reasons, such as retirement, career change, unemployment and so on.

Seventy-four alumni with a responsibility for organising other people's learning within organisations, (including trainers, consultants, educators, HRD managers, line managers, and mentors) were identified. A mix of twenty-two internal and external training consultants were approached, drawn randomly from small and large organisations across the UK. Alumni were included in the final sample if they were willing to engage in an interview and if they had been recently involved in innovation processes. Face-to-face interviews were held with 19 participants who met both of these criteria in

June and July of 1998. Interviews lasted approximately ninety minutes each and focussed on the participants' changing role in the move toward self-directed employee learning. Interviews were semi-structured, using open questions around the following topics:

(a) organisational mission, structure, culture, clients;
(b) participant's job, typical work activities;
(c) current role as a training consultant, tasks and responsibilities, strategies in organising learning;
(d) role changes in recent years, future role;
(e) problems experienced in work, barriers to organising learning, possible solutions;
(f) relationship with management and employees, their roles in organising learning, reconciling different strategies and values;
(g) their role in a recent, typical project that involved employee learning or development;
(h) status of the training department in the organisation and status of the participant as a 'learning facilitator'.

14.3.2. **Data analysis**

Two-to-three page interview summaries were produced by the interviewer and offered to participants for correction and validation. Additional information contained 17 of the returned summaries. Analysis was performed using 17 corrected and two initial interview summaries. A computer programme for qualitative data analysis, Kwalitan (Peters and Wester, 1990), was used to score 144 interview scenes using 126 different labels. Each interview scene was scored using an average of two-to-three labels, resulting in a total of 345 labels. These were then collated under 28 label headings. Finally, the data was categorised in accordance with the three initial research questions.

Interview scenes dealing with 'Organisational changes' and 'Tendencies in HRD' referred to the changes taking place in organising learning; interview scenes dealing with 'Learning activities' and 'HRD roles' referred to the job roles of consultants; and interview scenes dealing with 'Problems and barriers' and 'HRD strategies' referred to the way consultants dealt with problems and barriers to organising learning. The number of interviews that featured scenes filed under the various label headings was recorded. These frequencies were reported in Poell and Chivers (1999).

Additional analyses were conducted to answer the three research questions underpinning the present study. Data from the initial questionnaires was used to determine whether consultants were employed internally or

externally (self-employed) and whether they worked for small and medium-sized enterprises or for large organisations (over 500 employees). Interview data was used to determine to what extent the work type of these organisations was characterised by entrepreneurial, machine-bureaucratic, adhocratic and professional dimensions, using van der Krogt's (1998) categories. A hierarchical cluster analysis was performed on these organisational-types data to establish three relatively homogeneous groups. The first work cluster was named machine-bureaucratic work (seven people), the second was entrepreneurial work (seven people) and the third was professional-bureaucratic work (five people). Adhocratic work did not appear in this sample, which was not designed to capture all work types. Rather, the categories from the learning-network theory were used to describe which work types occurred in a mostly random sample of large organisations and SMEs.

Four participants were women and fifteen were men. Seven participants were self-employed, external consultants, while twelve were employed internally in a company. The organisations included an electronics company (#), a church diocese (#), a trade union (#), a private hospital (#), a health care organisation, an aviation company, a mobile phone company, an insurance firm, an atomic energy organisation, a fire brigade, a bank and a chemical company. The four marked (#) are small or medium-sized companies. Four out of seven self-employed consultants work mainly for small and medium-sized companies, including schools, colleges, health authorities, local government agencies, manufacturing firms, and professional organisations. All but two participants obtained a MEd in training and development from the University of Sheffield between 1992 and 1997, most of them in 1995 or 1996. One participant holds a MEd in continuing education and another holds a MEd in networked collaborative learning. Participants' ages range from 30 to 65, with most of them in their forties or early fifties.

In order to answer the first research question, the mode of employment (internal or external) for all consultants was cross-tabulated with the data they provided on changes in organising learning, on job roles and on problems and barriers.

In order to answer the second research question, organisational size (small or large) for all consultants was cross-tabulated with the data they provided on changes in organising learning, on job roles, and on problems and barriers. It should be noted that small companies are more frequently characterised by entrepreneurial work, whereas most large organisations feature either machine- or professional-bureaucratic work.

In order to answer the third research question, the four work type dimensions (entrepreneurial, machine-bureaucratic, adhocratic or professional) and also the three work clusters for all consultants were cross-tabulated with the data they provided on changes in organising learning, on job roles and on problems and barriers.

14.3.3. Limitations of the study

The study had a number of limitations that should be borne in mind when considering the results of this study. First, this was an exploratory study based on semi-structured interviews. The fact that respondents did not mention certain tendencies, roles, problems or strategies during these sessions does not in itself mean that they do not exist and further research should be conducted using more standardised measurements. Second, data was only collected from training consultants. Ideally, interviews with managers and employees should be conducted in order to check for different interpretations. Third, these conclusions are based on a small, select sample of practitioners with a specific background (having completed a University of Sheffield distance learning MEd) in one specific country (the UK). The scope of the study could be expanded to training consultants from other universities and in other countries to check for specificity.

14.4. Results

This section deals with six issues: organisational changes, tendencies in HRD, learning activities, HRD roles, problems and barriers and HRD strategies. Each of the following paragraphs presents the general results from the semi-structured interviews and then goes on to describe whether employment mode, organisational size and work type made any difference.

14.4.1. Organisational changes

About half of the participants reported changes in the training budget as a result of downsizing or government cuts, leading some organisations to question the added value of the training department. For external consultants this may provide extra work opportunities. As one self-employed change and development consultant explained:

> 'Organisations decentralising and focusing on core activities bring a lot of insecurity, instability and stress into the workforce. People are protecting their positions, trying to survive, getting into conflicts with others who are in the same boat. Basically they have to be much more self-responsible for whatever it is they are trying to achieve,

256

> especially when they become self-employed or start working for SMEs. I try to help these people regain control over their situation and manage change, for instance, by focusing on their lifelong learning and work-ready skills.'

Some organisations are changing their work structures by experimenting with self-managed work, lean manufacturing or business process reengineering. Other companies are changing their organisational structures to a matrix organisation or one based on functionality.

No differences in organisational changes were found between internal and external consultants or between small companies and large organisations. However, consultants who report changes in work structures seem to work primarily for organisations characterised by entrepreneurial work.

14.4.2. Tendencies in HRD

With only two exceptions, all participants perceive tendencies towards standardisation of HRD across organisations. Their training programmes are increasingly based on competence or performance standards with a stronger emphasis on accreditation, which is consistent with the general trends in VET. Within the UK context, the system of national vocational qualifications (NVQs) and government programmes such as Investors in People (IIP) reflect this tendency. A development manager for leadership and organisation, working for a large electronics manufacturer described its HRD practice as:

> 'Career ladders and development maps are currently being designed for all jobs on-site, from technicians to support functions to operators to managers. These contain a specific matrix of key jobs and core skills areas associated with them, which tie in with the various development opportunities that are available. Put together, these maps constitute a "road map" for organisation development. Such a move towards competences makes it a lot easier to measure performance and to evaluate the business in terms of competitive advantage and return on investment.'

A majority of the participants report that, increasingly, the responsibility for training rests outside the training department. One indication is that managers are expected to act as a coach to their employees. Another is the growing use of 'cascading' programmes and training-the-trainer activities for non-HRD staff. The work of the training department has become one of organising and coordinating, rather than delivering, training – which is more likely to be subcontracted to freelance trainers. Nevertheless, despite this move towards outsourcing and the apparent erosion of their previous role, a similar majority of the participants expressed the view that training has

become more strategically aligned to the organisation's mission, which has made the training department more credible. They felt that training should support the business and there should be no more laissez-faire training as undertaken previously

The data showed a clear trend towards liberalisation within the HRD function, meaning that individual employees are increasingly made responsible for organising their own learning. This was the case in about half of the organisations. Respondents emphasised the importance of self-directed learning, the possibilities of distance learning and the creation of learning resource centres. Training is becoming modular and employees are enabled to plan their individual learning time and create their own learning routes.

In about half of the organisations, learning and development are now considered to be more important than training. Terms such as 'learning on the job', 'integrating work and learning', 'continuing professional development', 'continuous employee development', 'informal learning' and 'reflective practice' were used frequently. There was a widely held view that training courses are not the solution to every problem.

However, although the views outlined above were held by the majority of participants, there was no overall consensus. In each case there was disagreement; some disapproved of government-promoted 'Investors in People' or 'National Vocational Qualification (NVQ)' type programmes, or did not believe that their training departments had more credibility than before or they did not see any tendency at all towards self-directed learning in their organisations. Another interesting divergence was that some participants reported that their organisation had witnessed a decentralisation of the training department, while others suggested that it was actually centralisation that was a characteristic of changing HRD structures within their organisation.

There were also differences of opinion between internal and external consultants and it was the external consultants who were most likely to hold the minority view. For example, most internal consultants reported that training was becoming more strategic but only one external consultant agreed. Similarly, most internal consultants see a tendency towards liberalisation within the HRD function, compared with only one external consultant.

The size of the organisation was also found to be significant. All consultants who work for large organisations reported a tendency towards standardisation as opposed to only a few of the consultants working for small companies. Most large-organisation consultants also saw training becoming

more strategic, compared with only a few SME consultants and all consultants who perceived training as becoming more strategic mentioned standardisation as well.

All consultants whose organisations are characterised by machine-bureaucratic work perceived training as becoming more standardised. Most consultants in companies without entrepreneurial work reported that the responsibility for training is being placed increasingly outside the training department. A majority of consultants who perceived a tendency towards decentralisation came from companies with machine-bureaucratic work, while most of those who do not, see training taking place increasingly outside the training department. All these observations indicate that the direction of HRD trends is not the same for every type of work.

14.4.3. Learning activities

Group learning was a powerful learning medium in about half of the participants' organisations. Activities included group experiments, active development sessions, learning support groups and case-based collaborative learning. A good illustration came from a business consultancy manager working for a large financial company:

> 'Rather than deliver training to our business people, my team approach focuses on performance counselling, business processes and communication skills. Performance counselling is based upon an analysis of the sales figures for each adviser, which are available in a central database. Until a number of years ago, we used to work with off-the-shelf training courses, but we now use a different approach for basically the same content matter. We create peer groups of advisers experiencing similar problem areas. A variety of methods and models are used with these groups, for instance cooperation around real-life cases, and specifying concrete outputs for businesses.'

A large minority of the participants reported that they consciously used work-focused learning activities, combining problem-solving techniques with existing learning resources and opportunities. The use of new media in HRD programmes continues to increase. Intranets, computer-based training, multimedia, e-mail and the Internet are all used to support other learning activities in about a third of the participants' organisations. However, none of the external consultants reported using new media, whereas about half of the internal consultants did. Similarly, only one SME consultant uses new media, compared with about half of the consultants working for large organisations.

A small minority of the participants focus on 'learning from others' as an important learning strategy and their activities included the use of mentoring,

BEST COPY AVAILABLE

systematic induction and supervisory coaching. Only a few respondents pointed to the possibility of changing (e.g., diversifying) work to fit with employee competences rather than the other way around.

14.4.4. HRD roles

The majority of participants reported that the promotion of individual development was at the core of their work as a training consultant. Personal development remains an important field of activity, as does individual counselling, development planning, individual learning facilitation and individual guidance. A self-employed consultant working mainly for SMEs said:

> 'I find myself more involved with personal development than with business development these days. One reason for this may be that, certainly in SMEs, there is no real training culture. They are waiting for the government to train their people, but the government measures over the last two decades have only worsened things.'

For more than half of the respondents a second core activity is organisational consultancy, which encompasses internal consultancy, organisational change and process counselling. Training delivery is still highly characteristic in about half of the cases. A small number of participants reported that organisational analysis was also an important role. This includes competence analysis, training needs analysis, job analysis and monitoring progress during change processes. About a third of the participants mentioned the recognition of learning by the workforce as part of their job, meaning that they try to raise people's awareness of the learning that is taking place informally and identify and make explicit the new knowledge and skills gained. A third of the participants also had a responsibility for financial matters (e.g., training budget issues).

Most internal consultants saw organisational consultancy as a core role, compared with only a few external consultants. Predictably, none of the external consultants handled financial HRD matters as part of their job, whereas half of the internal consultants (mostly working for SMEs) did - and they work, primarily, for companies without adhocratic-group work. Only one SME consultant regarded organisational analysis as a core job role, compared with half of the consultants working for large organisations. Conversely, a small majority of SME consultants identified recognition of learning as a core role, as did those working in companies characterised by professional work, as opposed to only one consultant working for a large organisation. These results suggest that organisational size, employment mode and work type have an impact on the number and nature of HRD roles.

BEST COPY AVAILABLE

14.4.5. Problems and barriers

The problems and barriers experienced by the participants fall into two main categories. First, about half of the participants report resistance to change in trainers and, even more so, in managers. Managers resent being made responsible for training issues that were formerly dealt with by trainers and some trainers resist taking on a more facilitative consultant-like role. An HR manager for a US owned electronic commerce firm told the following story about her company:

> 'All managers in the organisation came up through the ranks, having no prior experience in managing whatsoever. They were really struggling with the management of their people. There was no performance appraisal, no development planning, employees didn't know where they were going. For some of them this was a reason to leave the organisation. Most HR issues weren't handled at all, because no one had ever seen the need for that. Fortunately, the newly appointed senior managers were much more experienced in people management, so when they took up their positions I hoped their skills would filter down throughout the organisation. But even though the organisation is still quite flat, you can expect only so much improvement at the front end as a result of this change in management. So I'm still struggling with the managers about their responsibilities in managing their teams and trying to get over the existing void.'

Second, a large number - though still a minority - of the participants felt that, despite a thriving rhetoric, there was a lack of recognition for training related issues in organisations. They referred to the lack of a training culture and to the fact that not enough money is spent on good training. Sometimes managers were perceived as ignorant about training issues, resulting in a lack of training policy. Both training needs assessment and training evaluation are sometimes considered to be missing from standard operations.

A lack of recognition for training issues is experienced by external consultants more often than by internal consultants. This indicates that problems and barriers may not be the same for every type of consultant.

14.4.6. HRD strategies

The strategies used by training consultants to deal with the problems and barriers they are facing can be summarised under three headings. First, two thirds of the participants were actively trying to develop the learning climate of organisations: by creating an empowering climate throughout the company; by encouraging learning at all levels and in all places; by developing learning programmes incrementally rather than by blueprint; and by getting employees to recognise the learning opportunities that are

BEST COPY AVAILABLE

available in everyday work situations. For instance, one training and professional development manager working for a private hospital remarked:

> 'What is required, in general, is a climate of empowerment, a sense that making mistakes is allowed. I run a variety of train-the-trainer sessions aimed at helping people to create such a climate for the people around them. Nurses and other professional staff can also, for instance, take ward-based training to become supervisors. Of course, there is a lot of "hidden" training going on as well, brought about by asking people to critically evaluate their practice, talking to them about work problems, providing counselling and so forth.'

Second, about half of the participants highlighted the importance of negotiating with the various stakeholders involved in HRD processes, especially with managers. They identified influencing the definition of an assignment or a forthcoming project at an early stage as an important strategy. Unsurprisingly, consultants also tended to stress the responsibilities of other groups with respect to HRD, rather than simply stating their own responsibility for certain learning processes. In some cases they saw educating the management as a priority, rather than the operatives who had initially been perceived as 'the problem'. Third, a significant minority of the participants undertook specific activities that they felt would increase their own professionalism. They work with associates, they actively develop their consultancy skills and they market both themselves as consultants and the products they have developed.

Negotiation with stakeholders as a strategy in use was found mainly in organisations with an entrepreneurial work type. Activities designed to increase professionalism were undertaken mainly by external consultants. Thus, different types of consultants and consultants working in different types of work used different HRD strategies to deal with problems and barriers.

14.5. Conclusions

14.5.1. **Changes in the organisation of learning**

The first focus of this study was on the changes occurring in the way work-related learning is organised. Against a background of decreasing budgets, training was increasingly found to be taking place outside specialist training departments. This liberalisation of training is reflected in the way that individual employees and their managers are increasingly held responsible for organising individual development and team learning. However, the study showed that training is also playing a more strategic role and, in particular, is

BEST COPY AVAILABLE

becoming more standardised. From the learning-network perspective, this is a trend towards a more vertical network. In reality, some organisations are moving in the vertical direction, whereas others are moving towards a more liberal learning network. This division was also evident in the way that some organisations are centralising their training efforts while others are in a process of decentralisation.

An examination of the differences in modes of employment, organisational size and work type, enabled these findings to be put into perspective. It was mainly the internal consultants who perceived a trend towards liberalisation within HRD, whereas external consultants held the opposite view. Internal consultants working for large organisations and those working in a machine-bureaucratic work context reported training as becoming more strategic and more standardised. However, the machine-bureaucratic organisations were also far more likely to have decentralised HRD and moved towards training responsibility being placed outside the training department.

A possible interpretation is that HRD consultants working within large and machine-bureaucratic work organisations feel pressurised by top management and by external conditions to liberalise the learning network and devolve training responsibility to line managers and employees. This becomes a potential threat to the position of the internal HRD consultants. On the one hand, their professional need to remain heavily involved in organisational HRD issues leads them to engage in highly standardised, competence-based training arrangements. On the other hand, they also try to form a strategic partnership with top management, thus securing a certain power base within their organisations.

External consultants, those working for SMEs and those working in entrepreneurial or more professional work contexts operate from a quite different (much less vertical) position, which could explain why they perceive a trend towards vertical learning networks (standardisation) rather than liberalisation.

14.5.2. **Roles of HRD consultants**

Our second interest was in the roles that training consultants play in 'new' ways of organising learning and it was apparent that the roles in some organisations are very different from those in others. Again, there appeared to be several tendencies operating simultaneously. For example, the prevalence of organisational consultancy and group learning activities points to a more horizontal learning network, whereas the emphasis placed on individual development and training delivery suggests a more liberal-vertical orientation.

The main explanation for these findings seems to lie in employment mode and organisational size rather than in work type, which suggests that the roles of HRD consultants and the learning activities they organise do not really differ from one type of work to the other. This could be a result of the strong tendency towards standardising HRD that was referred to earlier.

Organisational analysis was found to be a core activity, mainly of internal consultants working for large organisations and the use of new media is virtually limited to this group. Organisational consultancy is also a central job role, mainly for internal consultants, while financial HRD matters are a more prominent job component of consultants working within SMEs, especially if they feature adhocratic-group work elements. SME consultants are also more likely to be involved with the recognition of informal learning, particularly in a more professional work context. Interestingly, although HRD roles and activities differ among organisations, no explanation emerged for the difference in use or occurrence of group learning, individual development and training delivery.

14.5.3. **Problems, barriers and strategies**

Our third concern referred to the problems and barriers that training consultants perceive or experience in 'new' ways of organising learning. Interestingly, although the strategic contribution of training was strongly emphasised, the problems of resistance and lack of recognition tell a somewhat different story. Apparently, not all stakeholders have the same viewpoint about the preferred location and function of HRD efforts, which may account for the fact that no general patterns were discernible in the responses to the first two research questions. This lack of agreement is probably why the current strategies employed by training consultants to deal with the problems and barriers they are facing include improvement of the learning climate and frequent negotiation with key stakeholders to involve them in the process.

A close look at the impact of work-type revealed that negotiation with stakeholders is most prevalent in entrepreneurial work contexts, which can be explained by their association with individual, liberal and contractual arrangements among stakeholders (see Table 1). The insufficient recognition for HRD issues was a problem experienced mostly by external consultants, which is probably an effect of their rather isolated position outside of the organisations for which they work. This specific problem is reflected in the finding that activities to become more professional are also mostly undertaken by external consultants. They need to do so in order to ensure they have a power base, which is more easily acquired by internal consultants (even though the latter may also be under threat).

14.6. Summary of conclusions

14.6.1. **First conclusion**

Few general tendencies across all types of organisations can be discerned from this sample of 19 respondents. The strongest visible trend is the one towards standardisation, which is pointing to verticalisation rather than to more liberal or horizontal learning arrangements. In any case, it is hard to see any evidence of a movement towards developing learning organisations emerging from this data. Incidentally, the striking invisibility of external learning networks points to a lack of recognition of employees learning within their professions and developing professional competences that enable them to work in different organisations.

14.6.2. **Second conclusion**

Organisational consultancy is as frequently occurring a role as training delivery, both of which are overshadowed, however, by a focus on facilitating individual development. There is a strong awareness among training consultants of the importance of learning and development beyond formal training. In practice, however, informal learning, and learning from daily work experiences, are relatively under-addressed issues. This also is not in line with the image of a learning organisation.

14.6.3. **Third conclusion**

There is a frequent claim that training is now more closely linked to the business strategy and more highly regarded within the organisation. On the basis of this study, at least three caveats should be made, casting doubt on the reality of an important idea within the learning organisation concept:

(a) most self-employed trainers and external consultants raise serious doubts about the ability and willingness of organisations to measure such impact at all;

(b) internal consultants and HRD managers report serious difficulties in getting line managers to take responsibility for training issues, which should be part and parcel of a more strategic approach to training;

(c) many internal consultants work mainly with senior and top managers. The fact that managers at that level are satisfied with the benefits accruing from initiatives taken by internal consultants is no guarantee *per se* that changes are actually taking place at lower management levels or on the shop floor (especially if people are reluctant to take on responsibility for training issues).

285

14.6.4. **Fourth conclusion**

Employment mode and organisational size may explain some of the variation in certain HRD trends, roles, problems and strategies and can provide explanations when no general tendencies are found within the sample as a whole. However, further research is needed to substantiate the contribution of such factors to observed differences. The same goes for work type and its relationship to the same HRD issues. It is also crucial to recognise that certain tendencies within learning networks may not be universal for all organisations but vary according to work characteristics. The outcomes of this study can be used as hypotheses to study these potential relationships.

The learning organisation does not emerge from this study as a concept that is generally applied in organisational practices. Standardisation of learning arrangements and difficulties in making HRD more strategic are perhaps the most important outcomes from the 19 interviews that were held. These do not sit comfortably with much-advocated notions about self-directed learning and integration of work and learning. Changes in HRD roles seem to be less spectacular than often wished for or heralded in literature.

14.7. References

Mintzberg, H. *The structuring of organisations*. Englewood Cliffs, NJ: Prentice Hall, 1979.

Mumford, A. *Learning at the top*. London: McGraw-Hill, 1995.

Pedler, M.; Burgoyne, J.; Boydell, T. *The learning company: a strategy for sustainable development*. (2nd ed.). London: McGraw-Hill, 1996.

Peters, V.; Wester, F. *Qualitative analysis in practice*. Nijmegen: University of Nijmegen, 1990.

Poell, R. F. *Organising work-related learning projects: a network approach*. Ph.D. thesis, The Netherlands: University of Nijmegen, 1998.

Poell, R. F.; Chivers, G. E. The changing role of training consultants in organising work-related learning. *In*: Kuchinke, K. P. (ed.). *Proceedings of the annual conference of the Academy of human resource development in Washington, USA*. Urbana-Champaign: University of Illinois. 1999, pp. 1061-1067.

Senge, P. M. *The fifth discipline: the art and practice of the learning organisation*. London: Century Business, 1990.

Swieringa, J.; Wierdsma, A. *Becoming a learning organisation: beyond the learning curve*. Wokingham: Addison-Wesley, 1992.

Van der Krogt, F. J. Learning network theory: the tension between learning systems and work systems in organisations. *Human Resource Development Quarterly*, 1998, No.9 (2), pp.157-177.

Watkins, K.E.; Marsick, V.J. *Sculpting the learning organisation: lessons in the art and science of systemic change*. San Francisco: Jossey-Bass, 1993.

CHAPTER 15

Human resource development in Europe – at the crossroads

Barry Nyhan

15.1. Introduction

The term 'human resource development' (HRD) refers to educational, training and development activities related to working life. Although it is often used in a very wide sense to refer to all work-related learning activities, more accurately, it relates to development and learning activities for those who are at work and have completed their basic professional or vocational education and training. HRD, however, is not a stand-alone concept, but is derived from theories of 'human resource management' – HRM (see Table 1 for notes on HRD and HRM and the other key terms used in this paper. (Continuing vocational training – CVT – is often used in European literature as a synonym for HRD.)

Following this introductory section, the second part of the paper examines the emergence of new workforce management strategies in the context of the recent challenges facing European companies. It goes on to trace the origins of the Harvard human resource management model which has had a great influence internationally, including Europe, in providing a comprehensive framework for understanding and dealing with the human and social processes at play in work organisations (Hollinshead, 1995). The Harvard model represents a movement from a compartmentalised, and in most cases marginal, 'personnel management' approach, to a 'human resource management' one that is embedded within a company's overall business strategy.

Section three goes on to show how the 'humanistic-developmental' values inherent in the Harvard HRM model mean that a high priority is assigned to continuous learning or competence development. In fact, competence development is seen as a prerequisite for long-term business success. This has given rise - for example - to the emergence of the concept of the 'learning organisation' that attempts to embed professional development within work activities.

Table 1. **Notes on key terms used in this paper**

The terms elaborated below are interpreted by authors in many different ways. Practice often determines the theory. These terms are described below as they are used in this paper.
Industrial/working life cultural traditions This refers to the guiding principles and assumptions according to which a society or a company/institution designs its work organisation and work management systems. (Taylorism, for example, forms an industrial/working life cultural tradition.)
Personnel management This term which is now giving way more and more to the term 'human resource management' (HRM) refers to a specialist function or department within companies (or workplaces) dealing with the building of efficient and satisfactory working systems from the human perspective. Typical activities are: recruitment and selection; training and development; performance appraisal; industrial relations; compensation and benefits; and health and safety.
Human resource management (HRM) This represents a transformation of the 'personnel management' function from being an ancillary service to senior management to that of being a strategic influencing role under the responsibility of a director who is a board member. Thus, instead of being a separate, specialist (and often a kind of occasional) function, the management of human resources becomes an embedded strategic issue within the company and is the concern of all line management who must carry out activities formerly seen to be the exclusive responsibility of the 'personnel management' department.
Human resource development (HRD) This can be interpreted in a wide or in a narrow sense. For some commentators HRD is almost synonymous with HRM. More commonly however, HRD refers to learning and competence development actions, although these are closely linked with other HRM actions.
Continuing vocational training (CVT) This is another term used which is closely related to HRD but can have a wide or a narrow meaning. Ant et al. (1996) adopt an open definition in their review of 'continuing vocational training' in Europe, taking it to cover more or less the same ground as HRD. A narrow interpretation of CVT restricts it to training activities at craft or worker level excluding management learning and organisational development actions.

BEST COPY AVAILABLE

Against the background of the international HRM model, section four of the paper focuses specifically on the nature of organisational development and learning policies within companies in a European context. While acknowledging that the terms HRM and HRD have their origins in the USA, there is an indigenous European tradition related to these issues. This is derived from the values and principles underpinning what can loosely be called European industrial/working life and vocational education cultures. Some striking similarities between the European tradition and the international 'humanistic developmental' HRM model are discussed.

In section five, it is argued that a competing human resource management model based on 'instrumental-utilitarian' thinking is gaining a stronghold in international, including European, circles. The effects of the emergence of this model are briefly examined. Inspired by neo-Tayloristic work organisation principles and neo-liberal economics, this model portrays 'human resource development' as a contingent activity shaped mainly by environmental factors.

In the light of the existence of these two competing models, the concluding section six raises questions about the future direction of 'human resource' policies in Europe. It challenges 'human resource development' professionals to devise new innovative models, which transcend short-term instrumental-utilitarian strategies. In this way, HRD can contribute to building a sustainable learning economy in Europe, based on policies of lifelong learning and long-term investment in human resources.

15.2. New ways of organising work

Over the past number of years European companies have had to revise radically their attitudes to work organisation – 'human resource management' – in order to respond to the dramatic changes taking place in both the global and European business environments. These challenges have been outlined in countless publications; four of the major change factors are briefly summarised below.

First, world business has witnessed a major decrease in markets for mass produced goods and a significant increase in demand for more customised 'high quality' goods. Second, the globalisation of world trade has threatened the competitiveness of European industries. Thirdly, the creation of the single European market on the one hand, and the opening up of a market economy in the eastern parts of Europe on the other hand, have forced all European companies to rethink their work organisation strategies. Finally, advances in

information and communication technologies have raised questions about the use of these technologies and the work organisation implications in introducing them.

In response to these new challenges, companies began to adopt new more 'flexible' (both internal and external) types of work organisation which are reflected in forms of workforce management approaches that became known as 'human resource management' strategies (see Sparrow and Hiltrop, 1994; Miles and Snow, 1984). 'Human resource management' entailed the abandonment of centralised bureaucratic work production strategies and the adoption of 'flexible work organisation' ones that involved devolving wider responsibilities (both vertically and horizontally) to employees. This entailed putting a heavy emphasis on 'human resource development' practices such as team building, multiskilling and work-based learning in order to promote greater degrees of internal functional flexibility ([23]) (OECD, 1999: p.183).

15.2.1. 'Humanistic-developmental' tradition

One of the most influential models of 'human resource management' which has had a major impact on European and wider international business and research circles (Hollinstead, 1995) is the 'humanistic-developmental' model devised by Beer et al. (1984 and 1985) at the Harvard Business School. The strength of this model is that it attempts to align the goals of a company's effectiveness with those of 'individual well-being' and positive benefits for society.

It is in the interconnected triangular dimension of the Harvard model that the notion of stakeholder interests is introduced. All of those with a stake in the company have a role in influencing company policy. This includes employees, trade unions, the community, government, shareholders and management.

([23]) The extent to which, what are termed, 'flexible work organisation' practices have been introduced in companies is discussed in an OECD report (1999). According to that report the position is far from clear as it is difficult to separate empirical evidence from accounts of 'management fads'. According to Ellström's review of international research in this area, about 25 to 50 per cent of companies have adopted 'transformed work system' to some extent (Ellström, 1999). However, a complication in estimating the degree of implementation of these practices is the lack of a clear definition of what is meant by flexible work organisation approaches. Authors often fail to differentiate between external flexibility, such as outsourcing, and internal flexibility based on devolved management and autonomous work groups. One of the hypotheses postulated in the OECD report (1999) is that these changes represent a pendulum swing from management philosophies based on 'tight management control' to ones based on 'employee commitment'. This paper argues that these represent two competing HRM philosophies, the one being 'instrumental and utilitarian' and the other 'humanistic and developmental'.

Figure 1. **The three stakeholders - individual workers, the company and society**

From an employee work relations perspective this model represents a radical departure from the 'Tayloristic' scientific management view based on tight control of employees in an atmosphere of mistrust, towards one based on winning their commitment in a context of mutuality of purpose. It also lays great emphasis on intensive 'human resource development' in order to generate high levels of employee competence. The other expected outcomes of this human resource management policy, besides increased levels of competence, which are seen as justifying the risk in moving from a control to a commitment based approach, are:

(a) greater loyalty to one's organisation related to individuals' increased sense of self-worth and a feeling of belonging;
(b) cost effectiveness in relation to low turnover of staff, decreased rates of absenteeism as well as other related societal and individual benefits;
(c) greater congruence between management and employees, between different groups of employees, and between employees and their families and society as a whole (Beer et al., 1984).

15.2.2. From a personnel management to a human resource management perspective

One of the main implications of adopting this 'human resource management model is that human resource policies are integrated with all activities of the company. This is illustrated by the fact that the implementation of HRM policies is devolved to front-line management levels. It is because this entails a shift from a compartmentalised view of the management of people-related issues, under the responsibility of a specialised personnel department, to an integrated one that this overall change has been described in terms of a movement from a personnel management to a human resource management perspective. The weakness of the personnel management approach was that, as a separate and marginal function, it failed to place human resource issues as strategic matters within the company. By way of contrast, in the era

of human resource management, a senior management person who is normally a member of the board of directors ensures that enlightened 'people policies' are embedded in a systemic manner throughout the organisation.

The overall effect of the adoption of this human resource strategy is that the 'human factor' is assigned a key influencing role regarding decisions about a company's business, organisational and technological objectives. This entails involving all employees in company change and development actions. The continuous building of broad competence levels is seen as a prerequisite for this.

The HRM model described, therefore, has given a great impetus to human resource development (HRD) activities as one of the key objectives to be addressed in an integrated human resource management policy. This is closely linked to issues of recruitment, career management, organisational development, work design, pay and benefits, and employee relations ([24]) (Sparrow and Hiltrop, 1994 and McLagan, 1999). Regarding the boundaries between human resource management and human resource development in reality, some authors such as McLagan argue for more integration seeing the distinction between them as too fine (McLagan, ibid.).

15.3. HRD and competence development

In line with the HRM theory presented above, human resource development objectives are focused on developing the competence of employees. The notion of 'competence development', within a HRD framework, lays the emphasis on a comprehensive programme for all employees including intermediate and frontline workers as well as management. This is in contrast to many training and development policies that are biased towards enhancing management's skills.

The term competence refers to a person's ability to carry out a series of actions (or a 'whole complex action') in an autonomous or independent manner. Competence gives one the ability to perform in a highly proficient manner in a variety of social contexts, generalising know-how and transferring it from one context or situation to another. According to Docherty and Marking (1997) (and also see Docherty and Dilschmann, 1992) competence relates to an individual's ability to execute tasks to meet external demands and is based on the understanding of the individual as an interpreting, acting and problem-solving human being. This notion of

([24]) In a HRM context the term 'employee relations' is preferred to 'industrial relations'.

competence is closely related to the concept of 'core competences' which entail generalist knowledge allied to a capacity for deliberation, judgement and action (Nyhan, 1993). Competence gives one the ability to make connections between theoretical knowledge, practical knowledge gained from experience, constantly building up one's practical knowledge to use in the different situations of one's life.

15.3.1. Learning organisation

This contextual/situated and 'high transfer value' notion of competence has generated theories and promoted social innovations related to the integration of learning and working within the context of organisational learning agendas. Senge (1990, 1997) who is one of the foremost exponents of the concept of the learning organisation as offering possibilities for professional as well as personal growth in the workplace, asks why is it not possible for people to attain company goals 'in a work environment that is close to the things that workers really value in life' (Senge, 1997: p.144).

For Senge, all significant learning for action is social and collective by nature. A prerequisite for learning is the development of

> 'a sense of connectedness, a sense of working together in a system and an understanding of how each part of the system is affected or being affected by other parts and where the whole is greater than the sum of the parts' (p. 129).

Learning is about sharing knowledge and this occurs when people are genuinely interested in helping one another develop new capacities for action.

A learning organisation can be described as 'an institution which involves all its members in increasing organisational and individual competence, through continuously reflecting on how strategic and everyday tasks are handled' (Nyhan, 1999). These two dimensions, organisational effectiveness and individual competence are seen as interdependent factors. Organisational effectiveness provides an impetus for individual learning, while the latter in turn contributes to an increase in organisational effectiveness. If this model is implemented in an idealised situation, line workers are learning as a result of being assigned challenging tasks and through being assisted to reflect continuously on those tasks, so as to learn from them. Work content, therefore, becomes learning content, as work and learning become part of a constant improvement spiral having an impact on the competence level of individual workers, the collective learning of work groups and the total organisation (Nyhan, 1999; Stahl et al., 1993).

BEST COPY AVAILABLE

15.3.2. Level of implementation

Even though sufficient research has not been carried out, according to Ellström's review of the recent findings, somewhere between 25% and 50% of companies have adopted human resource development or competence development measures, at least to some degree (Ellström, 1999). In the study of Cressey and Kelleher (1999b), undertaken under the auspices of the European Commission's Leonardo da Vinci programme, it was found that there was a great degree of consensus among employer and employee representatives (the social partners) in large companies in the car manufacturing, telecommunications and banking sectors in the UK, Germany and Sweden about the need to adopt these new human resource development models. A different rather sceptical view of the impact of these new models, however, is that the interest of the management and academic community in these concepts is perhaps due more to their attractive presentation by management gurus rather than solid research evidence (OECD, 1999). Méhaut and Delcourt (1997: p.30) argue that neither on the European nor the global stage do we see convergence towards a uniform model of new forms of work and learning organisations away from the older Tayloristic control model. According to Poell (1998: p.6) instead of understanding the changes in work organisation in terms of the replacement of one dominant Tayloristic model by a new dominant one, we should pay attention to the diverse ways in which work and learning is organised.

In any assessment of the implementation of these strategies, it must be acknowledged that the adoption of radical transformative learning approaches is a complex process. There is often a big difference between what people say they are doing (or perhaps what they would like to do) and what they are actually doing. First impressions can be deceptive. One has to analyse companies deeply to see the extent of the changes achieved. In one intensive study of eleven European companies that claimed to have introduced radical learning organisation principles (and at first sight seemed to have done so) it was found that many of the changes had an impact only on the introduction of new learning methodologies at the frontline (shop floor) level or on the company structure. There was no transformation in the organisation's values/vision/culture (Docherty and Nyhan, 1997; Nyhan, 1999; Nyhan, 2000b).

A genuine transformative level of change, internally driven and built on radical new insights about the contribution which employees can make to the company, was achieved by only five of the eleven companies examined. This entailed radical change at all levels of the organisation in relation to values, structures and work processes. Prerequisites for transformative change were

identified: visionary leadership from the chief executive; development of a 'shared vision' generated by everyone in the company; risk-taking by management and employees; development of a long-term strategic programme; and a commitment to follow it through in all its time-consuming practical steps. What is more, the study also showed how fragile human resource innovation can be. Opportunities to change can so easily be let pass by, and major gains made, often after the expenditure of enormous effort in terms of time and finances, can be lost overnight (Nyhan, 1999: p.20).

15.4. HRD in Europe

15.4.1. European industrial/working life cultural traditions

Historically, within Europe, more particularly northern continental and Nordic Europe, one finds many different versions of what can loosely be called a European industrial development/working life model. This is based on common threads running through national and sectoral traditions and common problems encountered in the different historical paths and choices taken on the road towards industrialisation. European industrial/working life cultural traditions differ from those in the USA in that they place much greater emphasis on the contribution of skilled workers (in particular in small and medium sized companies), on the role of social partners in the employment relationship, and envisage an intervening role by Government (see Brewster et al., 1993; Guest, 1990; Pieper, 1990).

Albert in his book *Capitalism against capitalism* (1993) contrasts the European continental economic and industrial model, what he terms the 'Rhine model' with that of the 'Anglo-American' one. According to the Rhine Model, management and trade unions loosely 'share' power (in Germany codetermine policies) with the state playing a major role in areas like initial vocational education and training and providing a safety net for those who lose their jobs. This model has existed for nearly a century in Germany, the Netherlands and France and in many respects, although taking a different form, in the Nordic countries. The Anglo-American model, which mainly applies to the USA (but also to the UK in many respects) gives a greater reign to market capitalism, stressing the state's subordination to the economy and business activities, with a consequent lesser focus on government intervention. Some of the European traditions outlined above have been enshrined in European Union legislation or agreements such as the Social Charter (in 1989) the European Works Council Directive (in 1994) and the European Confidence Pact for Employment (in 1996). Of course this is not to

deny the fact that the manner in which these agreements are applied differs in line with national Member State traditions and legislative frameworks. Thus the 'principle of subsidiarity' which was enshrined in the European Union Maastricht Treaty strikes a balance between the 'unifying' policy making role of the EU and the diverse autonomous positions of the Member States ([25]).

Within a common European heritage, of course, significant cultural differences exist between the different countries which affect how issues surrounding work and learning are understood and related policies and strategies implemented. Trompenaar (1993) carried out an extensive worldwide survey of people in the business world to find out the corporate cultural factors influencing how they perceive and design work organisation. He developed a fourfold typology – power-oriented, role-oriented, project-oriented and fulfilment-oriented corporate culture. A resume of how these four types apply in a European context is provided in Table 2.

15.4.2. **Europe and humanistic-developmental HRD**

Despite the American origin of the Harvard human resources model described earlier, it can be argued that its 'humanistic-developmental' perspective, and in particular its effort to align company objectives with those of the needs of the individual and society as a whole, complement mainstream European industrial and working life traditions. The adoption, or at least the application of its underlying principle of embedding 'open' and developmental 'people management' and learning activities in all aspects of a company's activities, by many large European countries in the late 1980s and 1990s had a positive impact in revitalising practices that were often being implemented in a rather regimental (and Tayloristic) fashion. The dynamic and integrated organisational perspective also challenged the rather compartmentalised and rigid thinking of those in charge of vocational education and training institutes. It certainly improved the status of traditional 'personnel ' and 'training and development' functions within enterprises and gave rise to new university and business school courses in this area.

Perhaps one of the most noteworthy effects of the human resource management movement was the modernisation of peripheral countries and regions in Europe which did not have a well-developed industrial development tradition. So, for example, for a country like Ireland, coming late to industrialisation and cut off from progressive continental European industrial/working life traditions, investment by American and European

([25]) Art. 127 of the EU Treaty is a good example of how this works out in practice regarding the implementation of vocational education and training policies.

Table 2. **Different 'national corporate cultures'**

Power-oriented corporate culture A leader in this hierarchical but person-oriented culture can be seen as a caring 'patron', who knows better than his subordinates what is good for them, and in appealing to their deepest feelings, directs them on how things should be done. This form of leadership can be referred to as 'management by subjectives'. The ways of thinking and learning in such cultures tend to be intuitive, holistic, lateral and error-correcting, and, according to Trompenaar, are typical of Spain and to a lesser degree France and Belgium.
Role-oriented corporate culture This is based on a bureaucratic division of labour with the various roles and functions prescribed in advance. When each role is performed in accordance with the overall system, then tasks are effectively completed. The approach to thinking and learning in this culture, which according to Trompenaar is typical of Germany and, to a lesser extent, Denmark and Netherlands is logical, analytical, vertical and rational.
Project-oriented corporate culture This third category differes from the power and role-oriented cultures in being egalitarian. Even though it resembles the role-oriented model in being impersonal and task-oriented, it differs from it in that the jobs people do are not fixed in advance. The UK (and the USA) are seen as having many examples of these kinds of companies where thinking and learning patterns are problem-centered, practical and cross-disciplinary.
Fulfilment-oriented corporate culture This is based on the notion that organisations are secondary to the fulfilment of individuals. These kinds of organisations that operate in an environment of intense emotional commitment are, according to Trompenaar, typical of Sweden. The approaches to thinking and learning in these organisations are creative, ad-hoc and inspirational.

Source: Trompenaar (1993)

multinational companies, with sophisticated and enlightened modern management systems, many of them with humanistic-development approaches, had an impact not only on the economic development of the country, but also offered lessons on how to design work organisations or social systems that promote development and learning.

The humanistic-developmental human resource management model, also, can be seen to share some common underlying principles with European originated innovation movements. The 'socio-technical' systems thinking

tradition is one of them. The original work in this area was undertaken by the Tavistock Institute in the UK in the 1950s and implemented in particular in the Nordic countries (e.g. the Norwegian 'Work democracy programme' in the 1960s) and also in the Netherlands. The work organisation design, put forward by the 'socio-technical' school, centring on the notion of semi-autonomous groups, stressed the benefits to be derived from workers having control over and influencing their work and technological environment. These benefits are seen to be higher productivity and work performance as well as a more fulfilling work environment in the form of challenging work that offers opportunities for learning and development.

The relationship between the humanistic human resource management tradition and the concept of 'social shaping of technology and work', which came from the German tradition is also worth commenting on (see Rauner, 1988; Heidegger, 1997). According to this concept, a high degree of control (influence or shaping – in German *Gestaltung*) of the work environment by employees, is essential to ensure quality work and create the conditions in which people learn continuously. This concept has similarities with socio-technical thinking but differs from it in that it is derived from the discipline of vocational education and training rather than an organisation/systems design approach. It also gives an active role to workers in continuously modifying and developing new work processes. Through this, they are at the same time developing practical expert knowledge, called 'work-process knowledge' which can only be learned under the conditions just described. In relation to technology, this implies that the know-how and the competence in the workers' heads must be superior to the software know-how embedded in technology. This concept is based on the notion that the cornerstone of effective production systems is the expertise or work-process knowledge of human being technology. According to a related concept of 'anthropocentric technology' (or human-centred technology) – 'it is only when the technologies allow the development of human capabilities and skills that they become optimally productive' (Wobbe, 1990: p.11).

This emphasis on the centrality of the skilled worker (intermediate level profession or craft level) who has a high degree of discretion, authority and responsibility can be seen as a hallmark of the more highly developed indigenous human resource policies in Europe. These workers have a clear stakeholder role within the company – reflected in the wages offered. Their role is strengthened by an 'occupational identity' through membership of a professional group and in a societal context by what has been termed as an 'industrial citizenship'. Referring back to the German context, Hendry (1991) states that it is not a platitude to say that Germany's greatest asset is her

278

people. While the German concept of HRM differs from the USA originated humanistic model, both of them concur in recognising the need for a highly-motivated, flexible and trained workforce. HRM, therefore, according to Hendry, should not be considered a new or alien concept for German organisations.

15.5. A competing human resource strategy – 'instrumental-utilitarian' approach

A recent study of human resource development trends within seven European countries (Ter Horst et al., 1999) concluded that, in the face of globalisation, there appears to be a tendency towards convergence in the HRD policies of Europe, the United States and Japan. According to the study, the common aspects of human resource policies in large companies, in the three most powerful global trading blocks, are seen to be more significant than the differences. This conclusion is drawn on the basis that the globalisation of business is forcing all companies who wish to compete in world markets, to adopt human resource policies focused on meeting companies' immediate business performance objectives. This emphasis on more or less short-term performance objectives gives rise to a contingent and situational view of human resources along the lines of Trompenaar's 'project-based' corporate business culture outlined above.

In line with this, many large companies today see themselves more like loose market-led networks rather than organisations. These networks are constantly redefining their structures offering temporary project-based work opportunities for people in a dynamic market environment. We live in the age of the contingent worker in which jobs are being replaced by projects. In the United Kingdom, Brown and Keep (1999) in making a different point about today's economy, state that Taylorism and neo-Taylorism still offer a powerful model of competitive advantage, in particular within the service sector. In a large study of British manufacturing companies, Acroyd and Procter (1998: p.171, cit. in Brown and Keep, 1999) conclude that profitability is not secured through 'the acquisition of a highly trained core labour force but by a combination of relatively unskilled labour and a willingness to utilise external sources of production'.

In France, on the same day that the Michelin tyre manufacturing company announced a net profit of EUR 292 million for the first half of 1999, up 17% from the previous year, the company also announced that it would cut its workforce in Europe by 7 500 over the next three years. This news received

a euphoric reception in the Paris Bourse. The new finance director justified the cost cutting exercise by stating that: 'Our principal rivals have clearly announced firm intentions to target Europe. We want to react before anything happens' (International Herald Tribune, September 11-12, 1999: p.11). This newspaper report went on to note that while

> 'the family controlled company has traditionally been considered as paternalistic towards employees and unresponsive to shareholders, three months after taking over as president, however, Eduouard Michelin, (aged) 36, appears eager to break away from the old school management style of his father, François, and introduce business practices he learned in the United States.'

This is an example of growth in shareholder power in European companies which, according to an article in The Economist (2000), promises to remake European capitalism. German critics of the Vodafone hostile takeover of Mannesmann in early 2000 see this as the first severe blow to the country's well found 'Rhineland capitalism' model built on consensus and close ties between bankers, business, employers, trade unions and the government. This article goes on to state that behind this trend towards shareholder power is a new generation of managers who believe that firms belong to shareholders, not bosses or society. Germany is singled out here because it is a stronghold of the classical European social market economy but, taking Europe as a whole, there has been a merger boom in response to shareholder pressures in recent years. The values of mergers and acquisitions in Europe for 1999 was 1,200 billion dollars, an increase of 50% over 1998 and 700% over 1994 (source cited in Economist, 2000 - Thompson, Financial Securities Data).

In line with the above trend, human resource management policies are driven principally by the situational context in the external market environment. This entails adapting human resource policies to fit in with the corporate business strategy. Companies upskill or downskill as the market demands. Brought to its logical conclusion, according to this view, human resources are a contingent, instrumental factor with no inherent value in their own right ([26]). Accordingly, human resource development as a distinct activity may or may not be a part of the human resource management policy, but based on the principle of external flexibility, human resource stocks can be renewed more effectively through a process of short-term project-based recruitment, outsourcing products and services, downsizing staff etc. The

([26]) A Human Resource Director of a major international firm, shedding much of its workforce in a restructuring exercise, facetiously referred to his job title as Human Remains Director !

concept of 'business process engineering' (see Hammer and Champy, 1993) entailing an overnight reshaping of one's organisation, and indeed the whole supply and sales chains with an emphasis on cost cutting and downsizing the number of employees, offers a way of implementing this form of human resource management which can be called an 'instrumental-utilitarian' approach.

This is referred to as the 'hard' model of human resource management derived from Tayloristic/neo-Tayloristic and neoliberal thinking. It is contrasted with the 'soft' humanistic-developmental model that attempts to match company needs with individual career development and wider long-term societal effects. The hard model is based on the external flexibility' (or numerical flexibility') of the outside labour market (the classical free market hire and fire approach) as distinct from the internal flexibility (or functional flexibility) of the workforce within the company, which is cultivated through continuously developing people's competence and capacity for change. The difference between these two strategies is that one entails a 'redundancy of parts (people)' approach in which people are constantly replaced in accordance with the tasks that need to be undertaken, while the other implies a 'redundancy of function' approach (Morgan, 1986: pp.98-100) according to which, even though jobs may change, the company sees it to be in its long term interests to retain people, within the firm, retraining them if necessary, to take over new tasks. The dominance of neoliberal policies across the world is strengthening the position of those putting forward this redundancy of parts view and is strongly challenging the humanistic-developmental model of human resources.

While in an earlier book Handy (1989) portrayed the arrival of a flexible labour market with its flexible companies (or as he also called them 'shamrock companies') as offering people (with their portfolio of skills) liberation from rigid employment patterns and providing them with opportunities for choice and personal fulfilment, he changed his mind later on. Although this situation may be in the interests of the elite highly skilled professionals - the 'symbolic analysts' who comprise a small percentage of the workforce - it was not really enhancing the quality of working life for the average person (Handy, 1994).

According to Sennett:

> 'in attacking rigid bureaucracy and emphasising risk, it is claimed, flexibility gives people more freedom to shape their lives. In fact the new order substitutes new controls rather than simply abolishing the rules of the past'. (Sennett, 1998: p.10)

BEST COPY AVAILABLE

In addressing the question *The HRM organisation – rhetoric or reality*? Sisson (1994: p.15) contrasts the rhetoric of certain HRM slogans with their reality counterpoints: 'flexibility' often means that 'management can do what it wants'; 'lean production' can in fact be 'mean production'; and 'team working' can mean 'reducing the individual's discretion'.

Adler and Cole (1993) attempt to resolve the polarisation of the instrumental with the humanistic type of work organisation. The result is what they term 'democratic Taylorism'. This is an attempt to implement, in an integrated and pragmatic way, some of the principles underlying the notion of semi-autonomous work groups, with what they refer to as a 'humanised' version of Tayloristic or neo-Tayloristic principles. Accordingly, workers have a certain degree of discretion about how they organise their work which is different from the classical Tayloristic (scientifically derived) 'one-best-way' approach. For this reason Adler and Cole have adopted the term 'democratic Taylorism' to describe this compromise version of Taylorism. According to the latter, democratic Taylorism seeks to integrate the characteristics of efficient bureaucracy along neo-Tayloristic lines with a genuine humanising environment (characterised by good working conditions and training opportunities). They see this as an 'enabling' formal system rather than a 'coercive' one. They claim that it is romantic nonsense to talk about the notion of a workplace characterised by autonomous workgroups and see the humanised lean production plant of NUMMI – a joint venture between Toyota and General motors in the US – as offering a model that can be implemented in reality. The NUMMI plant, according to Adler and Cole, represents a good balance between the exigencies of efficiency and satisfying work, making what they term a humanised work environment. This environment has a good layout, is ergonomically well designed and has good worker support facilities. It combines features of lean production systems with classical Fordist ones, with workers having responsibility for quality assurance and routine maintenance (see Cressey and Kelleher, 1999a; Ellström, 1999).

15.6. Future direction for HRD in Europe

This concluding section raises questions about the future shape of human resource development policies in a European context. In discussing the challenge of globalisation facing Europe, Lundvall and Borrás (1997), in their report *The globalising learning economy: implications for innovation policy*, argue for the introduction of wide transformative social innovations, laying an emphasis on building societal frameworks focusing on new forms of

interorganisational cooperation and alliances between enterprises and 'knowledge producers' ([27]). They talk of the need to build 'learning economies' which enhance the lifelong learning capability of individuals, firms, regions and countries.

What is more, Lundvall developed this notion further at the European socio-economic research conference in 1999([28]), when he spoke about creating a 'socially sustainable learning economy'. The idea of a socially sustainable learning economy draws attention to the fact that economic policies cannot be divorced from social ones. In fact, social values such as trust and cooperation (which have been termed 'social capital') and social policies supporting social justice and providing lifelong learning opportunities for all, are seen as a prerequisite for civilised economic development. The approach of Lundvall and Borrás appears to be in continuity with the wider implications of an earlier 'socio-technical' systems theory, which addressed the issue of building strong institutions to deal with turbulent social environments. This means according to Emery and Trist (1965) that interconnected organisations must contribute to the creation of shared value systems that have meaning for everybody involved and guide their actions.

For Lundvall and Borrás the neo-liberal solution and the neo-protectionist solution must give way to the 'new new deal' which focuses in particular on the learning capability of the weak learners, people and regions (Lundvall and Borrás, 1997: p.38). In this regard the regional territorial dimension becomes important because

> 'territory and proximity play a central role in the genesis of tacit knowledge and the capacity to exploit it. The region is increasingly the level at which innovation is produced through regional networks of innovators, local clusters and the cross-fertilising effects of research institutes' (ibid. p.39).

The concept of the 'learning region' is put forward as a model for mobilising all of the actors in a region to build inclusive innovation policies addressing integrated economic and social development goals (see Nyhan et al., 2000a).

The central message of Lundvall and Borrás is very relevant to the debate about the future direction of HRD policies within industries for the reason that

---

([27]) In this publication, which is an analysis and synthesis of the findings of seven major European socio-economic research projects, covering many disciplines, supported by the European Commission's Fourth Framework Targeted Socio-Economic Programme, Lundvall and Borrás have attempted to provide policy makers with an overview of the implications of these studies for innovation policies and further research activities.

([28]) This conference, organised by the European Commission, took place in Brussels on April 28-30,1999.

BEST COPY AVAILABLE

companies cannot survive without learning from and contributing to their environment. However, to do so, innovation at the level of the company is called for. Coriat (1995) refers to organisational innovation as being the missing link in European competitiveness. He calls for new organisational models to be developed in a research process which is concurrent with experimentation within enterprises. This means research embedded in practice that will provide practical knowledge for a new generation of managers and professionals within firms.

Returning to the question of humanistic versus instrumental models, the need to have a more business-led focus of HRD was put forward by a European keynote speaker, Harrison (1999) at the Academy of Human Resources development conference in Washington in 1999. In contrast, a leading American keynote speaker at the same event, McLagan (1999) criticised the 'mechanistic, more authoritarian worldview' in which people are seen as 'resources in the sense of being optimised and even exploited'. She pointed out the 'dichotomy between this utilitarian view which is based on behaviourism with the generative view which is based on humanistic philosophy'. She went on to ask the question: should the HRD specialist become a performance engineer and systems consultant or focus on unleashing the capacity of people so that they can work for themselves (McLagan, 1999: p.17).

In responding to the above question, it would appear to be an abdication of the role of human resource development professionals were they to adjust themselves or merely submit to the dictates of those espousing the utilitarian view of human resources. Having overcome most of the inefficiencies and lack of competitiveness which became apparent in European companies in the 1980s and 1990s, particularly in the face of superior Japanese innovativeness and productivity, surely the challenge now is to devise innovative solutions which look beyond the present situation and can contribute to building a socially sustainable learning economy.

Perhaps the reflection of the business guru Handy (1994: p.1) should be kept in mind by the HRD research and practitioner community in building a future model:

> 'In the pursuit of these goals (economic growth and efficiency) we can be tempted to forget that is we, individual men and women, who should be the measure of all things, not made to measure for something else. It is easy to lose oneself in efficiency, to treat that efficiency as an end in itself and not as a means to other ends'.

BEST COPY AVAILABLE

15.7. References

Ackroyd, S.; Procter, S. British manufacturing organisation and workplace industrial relations: some attributes of the new flexible firm. *British Journal of Industrial Relations*, 1998, Vol.36, No2, pp. 163-183.

Adler, P.S.; Cole, R.E. Designed for learning: a tale of two auto plants. *Sloan Management Review*, 1993, Vol. 33, pp. 85-94.

Albert, M. *Capitalism against capitalism*. London: Whurr, 1993.

Ant, M. et al. (ed.). *Access, quality and volume of continuing vocational training in Europe*. Berlin: Luchterhand, 1996.

Beer, M. et al. *Managing human assets*. New York: Free Press, 1984.

Beer, M. et al. *Human resource management*. New York: Free Press, 1985.

Brewster, C. et al. Trends in European HRM: Signs of convergence? *In*: Kilbride, P. (ed.) *Human resource management in the new Europe of the 1990s*. London: Routledge, 1993.

Brown, A.; Keep, E. Competing perspectives on workplace learning and the learning organisation. Paper presented *at the TSER forum network* (for European research in vocational education and training) *workshop: Learning in learning organization*. University of Evora, Portugal, November 1999.

Coriat, B. Organisational innovations: the missing link in European competitiveness. *In*: Andreasen, L.E. et al. (eds.). *Europe's next step – organisational innovation, competition and employment*. Ilford, Essex: Frank Cass and Company, 1995.

Cressey, P.; Kelleher, M. Advances and paradoxes of corporate learning practices. Paper presented at the *TSER forum network* (for European research in vocatioinal education and training) *workshop: learning in learning organiszations*, University of Evora, Portugal. November, 1999a.

Cressey, P.; Kelleher, M. *Social partnership and human resource development*. Unpublished. European Consortium for the Learning Organisation: Brussels, 1999b.

Docherty, P.; Dilschmann, A. Lärande med förhinder: närteknik stöd blir teknikstyrning. Stockholm: *Arbetsmiljöfonden MDA rapport*, 1992.

Docherty, P.; Marking, C. Understanding changing competence demands. In: Docherty, P. and Nyhan, B. (eds). *Human competence and business development – emerging patterns in European companies*. London: Springer Verlag, 1997.

Docherty, P.; Nyhan, B. (eds). *Human competence and business development – emerging patterns in European companies*. London: Springer Verlag, 1997.

Ellström, P.-E. Integrating learning and work: problems and prospects. Paper presented at the *TSER forum network* (for European research in vocational education and training) *workshop: learning in learning organizations*. University of Evora, Portugal, November 1999.

Emery, F.E.; Trist, E. L. The casual texture of organisational environments. *Human Relations*, 1965, Vol.18, No1, pp. 21-32.

Frombrun, C.J. The external context of human resource management. In: Frombrun, C.J. et al.(eds). *Strategic human resource management*. New York: John Wiley, 1984.

Giddens, A. *The third way – the renewal of social democracy*. Oxford: Polity press, 1998.

Guest, D. Human resource management and the American dream. *Journal of Management Studies*, 1990, Vol.27, No 4 pp. 377-397.

Hammer, M.; Champy, J. *Re-engineering the corporation*. New York: Harper Collins, 1993.

Handy, C. *The age of unreason*. Boston: Harvard Business School Press, 1989.

Handy, C. *The empty raincoat – making sense of the future*. London: Hutchinson, 1994.

Harrison, R. HRD and the business: turbulence, turmoil and strategic direction. Paper presented at *the 1999 Academy of human resources conference, Washington* DC. March 1999.

Heidegger, G. The social shaping of work and technology as a guideline for vocational education and training. *The Journal of European Industrial Training*, 1997, Vol.21, No.6/7, pp. 238-246.

Hendry, C. International comparisons of human resource management: putting the firm in the frame. *Internations Journal of Human Resource Management*, 1991, Vol.2, No 3, pp.415-440.

Hollinshead, G.; Leat, M. *Human resource management – an international and comparative perspective*. London: Pitman, 1995.

International Herald Tribune, 11-12 September, 1999.

Lundvall, B.-Ä.; Borrás, S. *The globalising learning economy: implications for innovation policy*. Luxembourg: EUR-OP, 1997.

McLagan, P.A. Jumping up and down on a fault line – the role of HRD as we enter a new millenium. Paper presented at *the Academy of human resources conference, Washington DC*. March 1999.

Méhaut, P.; Delcourt, J. *The role of the company in generating skills: the learning effects of work organisation – synthesis report*. Cedefop, Luxembourg: EUR-OP, 1997.

Miles, R.; Snow, C. Designing strategic human resource systems. *Organizational Dynamics*. Summer, 1984: pp.36-52.

Morgan, G. *Images of organisation. Beverly Hills*, California: Sage publications, 1986.

Nyhan, B. Emerging patterns of qualification and learning. Presentation at the *European centre for work and society EPOQUAL conference, Dublin, Trinity College* Dublin.December 1993.

Nyhan, B. Building learning organisations: putting theory to the test – lessons from European companies. *The European Vocational Training Journal*, No 16, January-April, 1999/1.

Nyhan, B.; Attwell, G.; Deitmer, L. (eds). *Towards the learning region – education and regional innovation in the European Union and the United States*. Luxembourg: EUR-OP, 2000a.

Nyhan, B. Trends in competence development in European companies. In: Sellin, B. (ed.) *European trends in occupations and qualification – findings of research, studies and analyses for policy and practice. Volume II*. Cedefop, Luxembourg: EUR-OP, 2000b.

OECD/ Employment outlook. Paris: OECD publications, 1999.

Pieper, R. (ed.) Human resource management: an international comparison. Berlin: De Gruyter, 1990.

Poell, R. *Organising work-related learning projects – a network approach*. Catholic University of Nijmegen: Nijmegen, 1998.

Prahalad, C. K.; Hamel, G. The core competence of the corporaton. *Harward Business Review*, Vol.68, No 30, 1990.

Rauner, F. et al. The social shaping of technology and work: human centred CIM systems. *Artificial Intelligence and Society*, 1988, Vol.2, No1, pp.47-61.

Senge, P.M. *The fifth dischipline: the art and practice of the learning organisation*. New York: Doubleday, 1990.

Senge, P.M. Through the eye of the needle. In: Gibson, R. (ed.) *Rethinking the future*. London: Nicolas Brealey Publishing, 1997.

Sennett, P. *The corrosion of character – the personal consequences of working the new capitalism*. New York: W.W. Norton and Company, 1998.

Sisson, K. *Personnel management – a comprehensive guide to theory and practice*. Oxford: Blackwell, 1994.

Sparrow, P.; Hiltrop, J.M. *European human resource management in transition*. Hertfordshire: Prentice Hall, 1994.

Stahl, T.; Nyhan, B.; D'Aloja, P. *The learning organisation – a vision for human resource development*. Eurotecnet. Brussels: Commission of the European Communities, 1993.

Ter Horst, H. et al. HRD models and variations in learning organisations in the US, Japan and Europe. In: Lasonen, J. et al. (eds) *Conference proceedings: network on vocational education and training research (VETNET) – European conference on educational research'99*, Institute for educational research, Jyväskylä, University of Jyväskylä, 1999.

The Economist, Vol.354, No 8157, 12-18 February, 2000.

Trompenaar, F. *Riding the wawes of culture – understanding cultural diversity in business*. London: Economic books, 1993.

Wobbe, W. Overview and predicted trends towards the flexible factory. *In*: Wobbe, W.; Brödner, P. (eds). *New technology and manufacturing management – strategic choices for flexible production systems*. Chichester, West Sussex: John Wiley, 1990.

Cedefop (European Centre for the Development of Vocational Training)

Facing up to the learning organisation challenge

Selected European writings
VOLUME II

Luxembourg:
Office for Official Publications of the European Communities

2003 – VI, 285 pp. – 17.5 x 25 cm

(Cedefop Reference series; 41-II – ISSN 1608-7089)

ISBN 92-896-0206-6

Cat. No: TI-20-02-002-EN-C

Price (excluding VAT) in Luxembourg: EUR 40 (Volumes I and II)

No of publication: 3028 EN

European goals related to 'lifelong learning' and the development of a 'knowledge-based society' can only be attained if the organisations in which people work are also organisations in which they learn. This means that work organisations must also become learning organisations. Thus, people are learning from their work - they are learning as they work.

The aim is to build organisations that are continuously learning how to be more productive, while at the same time, individual members of these organisations are developing themselves through their work.

This book, the second of a two-volume publication, is a reader comprising 15 papers, written by different experts, that present the work of a number of individual European projects. As well as exploring the meaning of the learning organisation, these papers present case studies and examine the role of human resource development and education and training actors in supporting learning organisations.

Barry Nyhan, Michael Kelleher,
Peter Cressey, Rob Poell (Editors)

EN

Facing up to the learning organisation challenge

VOLUME II
Selected European writings

CEDEFOP

European Centre for the
Development of Vocational Training

Europe 123, GR-570 01 Thessaloniki (Pylea)
Postal address: PO Box 22427, GR-551 02 Thessaloniki
Tel. (30) 23 10 49 01 11, Fax (30) 23 10 49 00 20
E-mail: info@cedefop.eu.int
Homepage: www.cedefop.eu.int
Interactive website: www.trainingvillage.gr

Price (excluding VAT) in Luxembourg: EUR 40 (Volumes I and II) 3028 EN

Publications Office
Publications.eu.int

ISBN 92-896-0206-6

BEST COPY AVAILABLE 289

U.S. Department of Education
Office of Educational Research and Improvement (OERI)
National Library of Education (NLE)
Educational Resources Information Center (ERIC)

NOTICE

Reproduction Basis

X	This document is covered by a signed "Reproduction Release (Blanket)" form (on file within the ERIC system), encompassing all or classes of documents from its source organization and, therefore, does not require a "Specific Document" Release form.
	This document is Federally-funded, or carries its own permission to reproduce, or is otherwise in the public domain and, therefore, may be reproduced by ERIC without a signed Reproduction Release form (either "Specific Document" or "Blanket").